

CURRENT HISTORY

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FEBRUARY, 1985

South America, 1985

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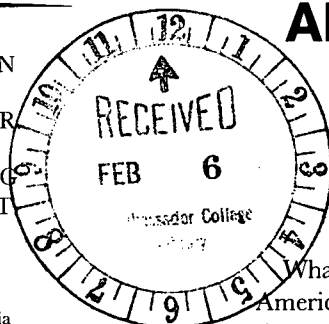
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United States Policy in Central America and the Caribbean

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Current History

FEBRUARY, 1985

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Is democracy gaining ground in South America? Are United States relations with the nations of that area gaining in maturity? In this issue, political and economic conditions in seven South American nations are evaluated. Our introductory article warns that "if this is indeed democracy's 'moment' in South America . . . that moment may have already come—and gone." Today, this specialist points out, "at rather quiet and everyday levels, United States relations with the major South American nations may finally have reached a level of maturity similar to United States relations with the countries of West Europe."

United States Policy in South America: A Maturing Relationship?

BY HOWARD J. WIARDA

Professor of Political Science, University of Massachusetts, Amherst

THE United States has been so preoccupied with Central America and the Caribbean in recent years that it has paid relatively little attention to South America. That is certainly not a new situation. At least since the Spanish-American War of 1898, the Latin American preoccupations of the United States have focused chiefly on those nations of the circum-Caribbean that lie close to its southern borders, within its sphere of influence, around its "soft underbelly"—as strategic thinkers then and now have put it.

There are several reasons for this preoccupation with the Caribbean and Central America and comparative inattention to South America. The first is sheer distance and logistics—South America is simply farther away and the United States is less directly and immediately affected by events there than by upheavals in the Caribbean. In addition, the larger nations of South America are, in general, more viable, more institutionalized, and more stable than those of Central America and the Caribbean. Historically, it has long been the smaller, less institutionalized nations of Central America and the Caribbean whose chronic instability has preoccupied the United States—and especially if instability makes these nations susceptible to adventurism and manipulation by outside powers (Spain, France, Britain, Germany and, most recently, the Soviet Union).

Third, the South American nations have, ironically, received less attention from the United States because of the very success of their development efforts. By almost any index of modernization, the South American nations (with the exception of Bolivia and, marginally, Ecuador

and Paraguay) are considerably better off than the Spanish-speaking countries of Central America and the Caribbean. Their gross national product (GNP) is considerably higher, their per capita income is higher, their industry is more developed, and their internal markets are larger.

Countries like Argentina, Brazil, Chile, Uruguay, Venezuela, Colombia and Peru (as well as Mexico) are by no means backward "basket cases." On the contrary, they have developed considerably over the last 40 years, and several of them have "made it" out of the ranks of the less developed countries (LDC's) and into the ranks (using World Bank categories) of the newly industrialized countries (NIC's). Precisely because they are third world success stories, many of these countries have passed beyond the stage where they qualify for United States assistance. That is another and major reason for United States official neglect of the area: United States aid missions, personnel, assistance programs and, hence, attention to these countries have been considerably reduced.

United States bilateral relations with most of the countries of South America are good. Of course, there are significant issues and differences with each of the countries of the area, and United States relations with Latin America as a whole are often strained, difficult and unhappy. But that has almost always been the case regardless of the administration in office in Washington, and it derives chiefly from asymmetries in size, influence, wealth and power. Despite persistent frictions, however, bilateral relations are more or less normal, even satisfactory in most cases. Perhaps that represents a certain maturation

of the United States–Latin American relationship and the establishment of relations with the major South American countries on a sound bilateral basis not altogether different from relations the United States has long maintained with the European countries.

One could even speculate that there may be a cause and effect relationship between the relative inattention devoted to South America and the maturing of bilateral relations. South America is not, currently, a crisis area like Central America; the United States is not especially concerned with the potential for continent-wide revolution in the region; and it seems unlikely that the Soviet Union will soon establish a ring of satellites there. In this noncrisis atmosphere, bilateral relations have been able to grow and mature, and some semblance of “normalcy” in United States–South American relations may be in process. That would represent a major step in putting United States–Latin American relations on a more solid footing.

But even if there are signs of growing maturity in the relationship, some controversies remain. Foremost among these are the debt issue and the continuing economic crisis in Latin America. During 1984, there was significant progress on the debt issue. Mexico reached a historic agreement with its lenders that provided for lower interest rates and a longer-term schedule of payments. That, in turn, increased the pressures on the other big debtor nations—Argentina, Brazil, Peru, Venezuela—to come to similar terms.

Although there was encouraging progress, one must remember that the Mexican agreement was much easier to reach. Unlike the other debtor countries, Mexico has virtually limitless petroleum reserves and therefore has a continuous source of foreign exchange earnings that these other countries (Venezuela excepted) lack. Second, Mexico’s ability to reach an agreement is not constrained so much by democratic give-and-take as is the case (or is becoming so in Brazil) in other countries. Mexico’s is an authoritarian government that can reach decisions comparatively easily; in the other debtor countries, public opinion, election and reelection considerations, and democratic debate make it difficult to reach an agreement that might seem to represent a cave-in to foreign interests, the banks, and the United States.

No one knows how the debt issue will finally be resolved. There is considerable sentiment in the South American countries not to pay their debts, to treat the debt situation as part of the North–South dialogue, to consider an unpaid debt as part of the transfer of wealth from North to South that has long been a part of the third world economic agenda. Many bankers have also determined privately to write off their South American loans. They have concluded they will never collect any of the principal and they are willing to stay in the game only so that they can continue to collect a trickle of interest.

A major side effect of this conclusion, of course, is that there will be no more loans to the South American debtor

nations except under duress or with generous United States government guarantees. But in 1984 there was at least less talk by the debtor nations of outright default or repudiation and less talk by the bankers of systemwide disaster or collapse. For the time being at least, the fig leaf has been kept in place.

The more general economic crisis in South America also remains acute. The economies of the area have been generally stagnant or even contracting for some five years. Growth rates in almost all sectors are down; unemployment and underemployment combined may reach 40 to 50 percent in most nations of the area; and inflation is rampant. New investment is very hard to come by for most countries, and capital flight has reached dangerous levels even in those resource-rich countries like Brazil and Venezuela, where this has not been a problem before. A number of United States and multinational firms, additionally, are liquidating their holdings in South America and pulling out, afraid of potential regionwide political instability and attracted by more lucrative profits in West Europe, the Pacific Basin, or the United States.

THE ECONOMIC CRISIS

The economic crisis in South America has its roots in the two major oil shocks of 1973 and 1979, the fluctuating world market prices for the region’s primary products, the world economic downturn that began in 1979 and deepened thereafter, and bad planning, corruption and mismanagement on the part of the South American nations themselves. The depression of the last five years has not only had a devastating effect on the economies of the area but has also undermined the countries’ political systems and has made it increasingly difficult to maintain open and accommodative politics. It has slowed down the transition to democracy in some countries (Uruguay, possibly Brazil) and has threatened to reverse it in others (Bolivia, Peru). With the world economy, especially that of the United States, apparently on the road to recovery, the South American economies have also begun to recover. But the process is slow and painful, and it usually requires several years before the effects of a United States recovery are felt in South America.

The economic downturn came at a time when the intellectual and political elites of South America were in the process of becoming increasingly independent and nationalistic. There had been a great deal of talk, some of it romantic, about breaking their ties of “dependency” with the United States, diversifying their foreign relations, opening up greater trade with China and the Soviet Union, and reducing United States influence in the area. These views were widespread throughout Latin America in the 1970’s.

Obviously a political agenda as well as an economic agenda was involved in this move toward lesser dependence on the United States. The generation that grew up in Latin America in the 1960’s was often in positions of influence in the government, the media, the universities,

the Church, and other institutions by the 1970's. Many among the younger generation were anti-American, many thought in Marxist terms, many favored a radical restructuring both of their internal societies and of their external relations—including the widespread desire to “redefine” their relationship with the United States. In the 1970's these elements were in power, albeit still at lower levels generally, in the ministries, the autonomous agencies, the bureaucracies, and elsewhere in the South American countries. Revolution, restructuring, and radical change seemed everywhere in the air.

The economic downturn of 1979 and afterward reversed this process—or at least put it on hold. For one thing, the European nations on whom Latin America had counted to diversify their relations and break or renegotiate their ties of United States dependence did not come through. The European countries provided disappointingly little aid, certainly not enough to substitute for that of the United States. European markets also dried up as the demand for Latin America's products fell dramatically with the world depression. Nor did Europe provide the investment, the trade, the capital markets that Latin America desperately required. Certainly the Soviet Union, China, and East Europe were not about to fill the void.

That left South America with nowhere to turn—except back toward the United States. Indeed, one of the unanticipated consequences of the world depression of the last five years has been to make it clear to the South American nations just how dependent they were on the United States. Even to the Left, that message was clear. Hence virtually all the South American countries have developed a new pragmatism in dealing with the United States. Recognizing that they need United States capital, technology and markets and that they have nowhere else to turn, the political leaders of South America have, for the most part, faced this fact realistically.

They would still like to diversify their external relations and trade, to loosen the ties that bind them in the United States orbit, and to strengthen their relations with other nations. But prudence and practicality demand that commercial, political and economic ties with the United States must remain close. The old saw still holds: Latin America frequently has a hard time living with the United States, but it certainly cannot live without the United States either.

THE DRUG TRAFFIC

Another issue of concern in United States–South American relations is the drug traffic. The United States government has determined that since it cannot change consumer habits in the United States, it will try to cut off the flow of drugs at the source. The strategy will likely fail, and it is almost certain to strain our relations with several South American countries.

First, the facts. The drug traffic is very big business. In Colombia, the export of drugs is more lucrative than the

export of coffee. Those who know Colombian history will know how major a change that is. In Paraguay, Bolivia, Brazil, Peru, Venezuela and Argentina drugs are also a major export if not the major export in some of these countries.

Second, the dilemmas. Cutting the flow of drugs from one country does little to stem the overall tide; it only changes the source. For example, the drug traffic in Colombia really boomed only when Mexican sources began to dry up. But the volume remained the same and even increased. Second, the drugs have become a major source of earnings for many South Americans. It will be impossible for the United States or the governments of these countries to convince farmers who are making \$250 per month growing marijuana or coca that they should go back to raising some traditional crops for which they earn only \$25. Taking strong action will not be politically palatable for most governments of the area because the stakes are so high and there is so much money involved.

Third, the local governments and the local police and armed forces are often involved in the trafficking of drugs, and they are not about to enforce restrictions that cut off their own cash or tax flow. Such an attitude is easy to condemn, but one must also bear in mind the low pay and status of these individuals and their need to supplement their meager salaries. Fourth, the Latin Americans are just as preoccupied with cancer scares as North Americans, and the democratic governments especially cannot condone the widespread spraying of Agent Orange or paraquat to eliminate marijuana or coca when spraying may harm their own populations. Many of them fear, also, that the world will not buy their coffee and other crops if these crops have been contaminated by spraying.

Nor is the United States government wholeheartedly behind the drug eradication drive. The Drug Enforcement Agency (DEA) is, because that is its responsibility, and the White House has been strongly involved in the campaign; but some American ambassadors and foreign service officers have been decidedly lukewarm toward the problem. Their job is to get along and maintain cordial relations with the countries to which they have been assigned; and the last thing they want to do is antagonize by a too-vigorous anti-drug campaign the very governments with which they must deal.

The United States embassies in the South American capitals have therefore often been cool and uncooperative when DEA officials assigned to them begin to push their eradication programs too strenuously. This “bureaucratic politics” within the United States family of operations abroad all but guarantees that little will be done to stamp out drugs at their source. And DEA itself is a pragmatic agency that knows that if it does not have the full support of an embassy or of a host government it cannot resolve a hopeless situation.

THE HUMAN RIGHTS AGENDA

Another large issue (or a set of issues) involves the

democracy and human rights agendas. In several countries (Bolivia, Peru, Ecuador, Argentina), there has been a remarkable transition from authoritarianism to democracy in recent years. Brazil and Uruguay have also embarked on major liberalization programs leading toward democracy. The United States has been strongly supportive of these developments and efforts to secure greater respect for human rights in these countries.

However, several clouds loom on the horizon. First, in several South American countries the transition may be temporary and not irreversible. In Peru, there are rumors of a pending coup or coup attempt. In Bolivia, several recent coup attempts have been put down and at any given moment in that beleaguered country there may be three or four coup plots under way. The Brazilian generals are by no means entirely or unanimously convinced that the *abertura* has been a success or that it may not be reversed.

Ecuador has, to understate the case, a history of coups d'état. In Argentina people say only half in jest that the first year of Raúl Alfonsín was the year of euphoria, the second will be the year of disillusionment, and the third will be the year of the coup. Even Venezuela, which has enjoyed democracy since 1958, has not been immune to military rumblings.

If this is indeed democracy's "moment" in South America, as some scholars have claimed, there is reason to fear that moment may have already come—and gone. Certainly the several transitions to democracy in the region will be terribly difficult to sustain if the economic slump continues much longer. The world depression, which had particularly devastating effects in Latin America, threatens not only to damage the economies of the area severely but also to undermine the region's political models, particularly its democratic governments.

Chile also remains a cause of concern; Chile has shown almost no movement toward democracy or greater respect for human rights. For a time, the democratic opposition in Chile seemed to be growing, and there were elements in the armed forces who were thought to be inclined to remove Chile's President, Augusto Pinochet. But Pinochet has hung in there; his position seems stronger than ever; and the democratic opposition is fragmented and discouraged. Chile remains a pariah state, an outcast in the community of Western democratic nations, a characterization that weighs heavily in Chile but so far seems not to have shaken Pinochet's grip.

Nor does the mere presence of democratic governments in Latin America guarantee that relations with the United States will be any warmer. Obviously the United States prefers democratic to authoritarian regimes, but that will not necessarily result in stronger pro-American attitudes. In some circles in Washington there was considerable romantic talk that if only there were democratic governments in Latin America, United States difficulties with the countries of the region would disappear. But United States differences with Brazil, for example, are

fundamental and substantial and deal with real issues and interests both economic and political; these will not disappear whether a military or a democratic government is in power.

The Argentine case is similar. At the height of the Falklands/Malvinas war, United States Secretary of State Alexander Haig determined that the Argentine generals were very difficult to deal with. The United States has recently discovered in the debt negotiations that democratic President Raúl Alfonsín can be just as difficult. Democracy is in fact no magic doorway to better relations between the United States and Latin America; instead, United States relations with a proud nation like Argentina will always be touchy whether Argentina is a democracy or a military regime. Realism demands that Americans recognize this fact and abandon wishful thinking about the presumed harmony of democratic nations.

If the trend toward democracy in South America were reversed, the United States has formulated no alternative policy. The administration of President Ronald Reagan has become strongly supportive of democracy in Latin America not just because it believes in democracy but because it knows a pro-democracy stance attracts support from Congress, the media, and public opinion; persuades European allies to be more supportive; and furthers legitimate American foreign policy initiatives. The administration also believes that in the long run democracies in Latin America are better able to preserve stability, to enact reforms, to achieve justice, and to keep out mischievous foreign powers—the fundamental objectives of United States policy in the area.

Despite administration goals, however, in the short run the United States may face a new wave of military coups in South America—especially if the economic downturn continues. The administration has not fully thought through the consequences of its pro-democracy position. Will the United States suspend diplomatic relations and cut off assistance to successful military regimes in South America? President John F. Kennedy tried this strategy in the early 1960's and succeeded neither in restoring democracy to any of the affected countries nor in endearing us to the successor regimes.

The United States has other interests in these countries besides democracy; couching policy in terms of supporting democracy makes it more difficult to defend strong United States ties to non-democratic regimes even if such ties are in the United States interest. The democracy

(Continued on page 86)

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"Argentines rejoiced in liberty during 1984, no small accomplishment after so many years of violence and repression. Newspaper editors wrote what they wished; books that had been kept out of print were finally on sale; and hundreds of people returned from exile. . . . Attempts are being made to relearn the ethics of constitutional democracy, an exercise still far from completion"

Democracy in Argentina

BY GARY W. WYNIA

Professor of Political Science, University of Minnesota

THE Peronists were not supposed to lose the presidential election held on October 30, 1983, nor were the Radicals expected to win. But both parties defied the odds; and Radical Raúl Alfonsín was inaugurated President a month later. Since then, Argentines have been adjusting to a new distribution of authority, unfamiliar political roles, and the challenge of living within the law.

Argentines want to believe that 1983 marked a new beginning. They take hope especially from the appearance of something resembling a two-party system in which the Peronists are the minority party for the first time. Radical party candidate Raúl Alfonsín adroitly turned the 1983 election into a referendum on Peronism and the violence and economic disaster that the Peronist government had supervised between 1973 and 1976. His case was compelling; he won 52 percent of the popular vote to Peronist Italo Luder's 42 percent.

Alfonsín attracted many new voters (about 20 percent of the electorate had reached voting age since the last election ten years earlier) and a substantial number of lower middle class voters who had supported Peronism in 1973 but had lost confidence in the movement's leadership. This was an impressive accomplishment in light of the Radicals' minority status, and Alfonsín deserves much of the credit for debunking the opposition and selling himself as the man of integrity whom the nation desperately needed after a decade of conflict and repression.

The Peronists have not disappeared, however. They did quite well in all but the presidential race, winning half the provincial governorships and a plurality in the Senate—21 seats to the Radicals' 18, with the remaining 7 going to minor parties. In the Chamber of Deputies they finished second, with 111 seats to the Radicals' 131 (with only 12 going to minor parties). It was almost as if the Argentine electorate had decided to give two-party democracy a chance by denying either party the support it needed to dominate the other.

How to deal with a powerful Peronist opposition became Alfonsín's primary political preoccupation. Previous Radical Presidents had always lacked sufficient clout or self-confidence to send an olive branch to the

Peronists. But Alfonsín, enjoying majority support, was determined to build a less hostile relationship. He had originally hoped to lay the foundation for a new Radical party able to take working class voters away from the Peronists permanently. Essential to his plan was the passage of a new labor law that would allow the government to supervise democratic elections within labor unions, a process that the Radicals believed would lead to the rejection of Peronist labor bosses by the rank and file.

But with the help of minor parties, the Peronists blocked the bill's passage in the Senate in March, and almost before he knew it Alfonsín was back to square one. Thereafter he preached unity, portraying himself as a founding father intent on making democracy work for everyone. Traveling around the country almost daily during his first six months in office, he urged civility and industry on the large crowds that gathered wherever he went. Simultaneously, he supported business leaders and the labor movement with a policy of *concertación*, a kind of informal corporatism through which he promised to consult everyone during the design of policies affecting them in exchange for their tempering their opposition.

His success would depend heavily on whether the Peronists would cooperate with the man who had denounced and embarrassed them at the polls. Unfortunately, they were in no condition to operate as reliable collaborators. A loyal opposition functions best when its leader enjoys the support of a united party, but unity was not something that the Peronists enjoyed either before or after the election. Always capable of cooperating to contest an election, they did so with some difficulty in 1983, and conflicts within the movement resurfaced immediately afterward.

There had always been some tension between labor leaders and the white collar party leadership, the former being fearful that non-union legislators would not adequately represent their interests. The General Confederation of Labor (CGT) is still the heart and soul of the Peronist movement, and even without the party to represent it, labor is a power to contend with. But the CGT must cooperate with non-union Peronist politicians in the legislature in order to turn their agenda into law.

There is also a conflict within the movement between

Peronists in the poorer provinces and those in Buenos Aires, the provincials being more concerned about the redistribution of resources nationally. And as usual, political strategy was a source of disagreement, deriving this time primarily from an unfamiliar minority role. While some Peronists favored a soft line, others preferred obstruction aimed at forcing the government to adopt the Peronist platform. No single faction prevailed within the party in 1984, and at year's end the Peronists were no closer to resolving the leadership issue than they had been a year earlier.

Some Peronists still cling to Isabel Perón and the old notion of a party held together by loyalty to a single leader. This notion might seem odd, in light of the fact that Isabel Perón proved so inept while serving as President after her husband's death in 1974. But it is not her ability that attracts would-be party oligarchs but the possibility that she might restore them to leadership positions. The fact that she no longer lives in Argentina but in Spain does not help their cause. She returned for Alfonsín's inauguration and was warmly welcomed by him; in return she asked Peronists to obey the new President. She visited Argentina once more during the year, telling any who cared to listen that she was still in charge, and then she went back to Spain. An Evita she is not, but as long as she is willing to play the leadership game with her friends and enemies within the party, they will remain at odds with one another.

Another sector of the party, led by white collar Peronists like defeated presidential candidate Italo Luder, favors its democratization, a process they promise will transform it eventually into an Argentine version of a European labor party. This group dominates the party's legislative delegation, but has yet to win the union leadership to its cause. And there is a third group whose politics resembles the neofascist populism of days past. Its leader, Herminio Iglesias, the head of the party in Buenos Aires province, is the most controversial politician in the country today. His wild threats of violence against the Radicals during the 1983 election campaign so frightened voters, including many in the working class, that they elected a Radical governor in the previously Peronist-controlled Buenos Aires province.

Iglesias was a real albatross around the necks of party moderates with his calls for a military coup against Alfonsín late in 1984, but no one seems able to do much about him. Antonio Cafiero, a long-time party leader, has tried to dislodge him at provincial party meetings but has failed repeatedly. How party activists resolve these issues in the next few years will determine Peronism's fate and its electoral appeal for some time to come. In the meantime, the Peronist divisions are not easily exploitable by someone as alien to their cause as Alfonsín; nor will their confusion allow them to function consistently as a loyal opposition.

Alfonsín appears to be uncertain about how close to get to the Peronists. Radicals believe strongly in party

government and are not comfortable building a coalition with other parties, while Peronists are accustomed to wheeling and dealing. They want to be part of Alfonsín's *concertación*, but only through a coalition government, something the partisan Radicals would never allow. Early in the year, Alfonsín tried to persuade labor leaders that he was on their side, making it clear that he intended to raise real wages despite record inflation in order to compensate the working class for their losses during three years of recession.

But leaders of the most belligerent unions in the reunified CGT denounced him, claiming that Alfonsín still wanted to divide them and woo away the rank and file. He denies this, but union leaders have never trusted Radicals and do not see that Alfonsín is any different from the rest. Accordingly, their strategy has been pendular; they talk with the government when the opportunity for bargaining over wage and price policy arises, and they oppose it after they get their way. National days of labor protest were surprisingly few in 1984, but if wages are restricted as expected in 1985, days of protest will increase in number.

Also critical to democracy in Argentina is the military's acceptance of responsibility under constitutional government. The armed forces suffered disarray after their humiliating defeat in the Falklands/Malvinas war in 1982. Their internal confusion and popular disgrace forced them to call elections in 1983. But military retreat does not guarantee subservience to civilian authority. Alfonsín must become commander in chief in fact as well as in law.

The military's current political retreat gives him an unprecedented opportunity and he has made it clear that he wants to establish a line of command that descends from the President through his civilian defense minister to the joint chiefs and then to the service chiefs. In other words, the service chiefs will no longer enjoy virtual autonomy in their supervision of military matters, from promotions to the direction of their many industries. When Alfonsín made his intention known, the army was quick to test his resolve—its commander refused to dismiss an officer who had defied presidential authority in July. Without hesitation, Alfonsín dismissed the commander for insubordination, sending the obvious message throughout the armed forces that he would not tolerate defiance. No doubt it was the first of several tests that he will have to pass before he can claim true victory.

A TIME FOR JUSTICE

For the present, military officers are more concerned about whether or not they will be punished for their war against terrorism in the late 1970's. A defender of human rights during the dark days of military repression, Alfonsín was expected to act swiftly in prosecuting hundreds of officers. But despite the clamor for action, he moved slowly, convinced no doubt that an assault on the armed forces would provoke military responses that he could not

handle. He opted instead for investigations intended to defuse the matter, while laying the foundation for later prosecutions.

He asked the armed forces to form a council of 20 retired officers and charged them with investigating and court martialling personnel who had exceeded their authority in the war against terrorism. But when the time came for them to announce the names of the guilty in September, they objected, claiming that the officers under investigation had done nothing wrong but had only defended the nation against its enemies. Nothing could have been more unwelcome to Alfonsín, who had relied on military justice to take some of the pressure for retribution from the government. The council's recalcitrance left him no choice; he had to start civil prosecutions, albeit slowly, beginning with the service commanders who were members of the juntas that had governed between 1976 and 1983.

While the military is not likely to carry out a coup to stop prosecutions for the time being, very few military leaders are yet resigned to the civil administration of justice. They remain proud of their victory against terrorism and are not in the least repentant; they make it clear that they would do it all over again if the country were threatened by "Marxism" once more. For the time being, the military has sounded a tactical retreat; but the leaders have not disbanded their informal networks; most of them believe that authoritarianism and not democracy is the most effective way to govern Argentina. Such postures led to strange scenes, as people who had been jailed and tortured or threatened with death—professors and journalists like Jacobo Timerman—returned from exile, while those responsible for their suffering watched quietly from their military bases and downtown apartments.

On the civilian front, Alfonsín appointed a 12-member commission that was to resolve once and for all the fate of the many people who have disappeared. Chaired by novelist Ernesto Sabato, the commission took testimony from 5,792 witnesses over nine months before submitting its report and 50,000 pages of evidence to the President in September.

Its findings, which confirmed what the country's eight human rights groups had been saying for five years, documented the disappearance of 8,800 people, many of them tortured in one of 280 secret prisons. It also named 1,200 police and military personnel who had participated directly in the repression, virtually all of them still in uniform and some even routinely promoted by the President and the legislature just before the report was issued. In a poignant two-and-one-half-hour television broadcast in mid-year chaired by Sabato, a dozen people, some victims and others the parents of disappeared youth, told the entire nation about their mistreatment, making it impossible for the remaining doubters to deny that the persecution had taken place.

Welcoming the commission's report, Alfonsín issued

¹Buenos Aires Herald, July 26, 1984, p. 3.

no prosecutions of his own, preferring instead to give the information to civil courts for further investigation, a step that would undoubtedly delay the conviction of most transgressors for some time. Alfonsín is committed to the administration of justice, but he is also a practical politician trapped between his ideals and his recognition of the military's power and its resistance to penetration by civilian authorities. If justice is done, as most Argentines demand, it will come incrementally, affecting far fewer soldiers and police than most Argentines would prefer.

AN ECONOMIC DEAD END

Alfonsín inherited an economy plagued by decades of inflation. Prices had risen an incredible 24 million percent between 1950 and 1980; moreover, in only one year during the past decade—1980—did the annual rate of inflation fall below 100 percent. Unfortunately, the Radicals approached the problem as if they believed that the President's popularity would be enough to restore confidence in the economy. This is a common fault of Argentine politicians but it is especially true of the Radicals, who tend to assume that because they are more honest than their competitors and because their intentions are good, everyone will be as relieved by their management as they are. But their "trust us" approach to economic affairs failed to excite investors in 1984. In fact, gross capital investment continued to fall, reaching a five-year low during the first half of the year.¹

Unfortunately, Argentina's problem is even more fundamental. It derives from the Radicals' conviction, which they share with most Argentines, that the "oligarchy's" greed and the stupidity and treachery of the armed forces are responsible for the economy's malaise. They believe that if José Martínez de Hoz, economics minister during the rule of the armed forces, and his friends in financial circles had not forced the country into unfair competition abroad, the current difficulties could have been avoided. But bankers and foreign investors did not create the country's problem; they just took advantage of it.

What really haunts Argentina is its failure to produce enough goods at competitive prices to earn the income required to sustain the standard of living to which its people have become accustomed. There is no quick fix. Restoring confidence and investment in an economy as damaged and demoralized as the Argentine economy is a monumental task that may indeed be beyond anyone's capacity at the present time.

When he became President, Alfonsín wanted to bring the country out of recession, improve the real income of workers, and reduce an inflation that had reached an annual rate of 400 percent by the end of 1983. To accomplish this, he imposed price controls and indexed wages slightly above the level of inflation, hoping to promote consumption and with it manufacturing. But the plan never worked. Industrialists complained that a dramatic rise in labor costs was destroying their profitability, making new investment impossible; black markets rose and

with them prices; and the peso fell rapidly after mid-year as people rushed to acquire dollars to protect themselves from the effects of a hyperinflation at an annual rate of over 1,000 percent by October. Confidence in the Radicals' solutions was falling precipitously as the Argentine spring began in October.

On top of this, Alfonsín had to take action about the country's record foreign debt; he was forced to make an unpopular arrangement with the International Monetary Fund (IMF) that would finance the debt payments that Argentina no longer could make on its own. An IMF endorsement was also needed to persuade Argentina's private creditors in the United States and Europe to refinance the \$25 billion in debt that was coming due at the end of 1984. Alfonsín postponed accepting IMF terms as long as he could, but in September he finally accepted the terms. By then the debt was \$44.4 billion, \$31.6 billion of it owed by the government. The critical point was reached when \$750 million came due on September 15 and another \$900 million at month's end.²

On September 25 Minister of Economy Bernardo Grinspun stepped to the podium at the annual IMF meeting in Washington, D.C., and announced Argentina's agreement. In exchange for a standby loan of \$1.5 billion, the Argentine government agreed to everything it had promised the Argentines not to do—it would tighten monetary policy, limit wage hikes, raise public service tariffs, and eliminate price controls, albeit over the course of one year. Two months later, Central Bank President Enrique García Vázquez announced the refinancing of \$25 billion of the foreign debt that was owed to 320 international lenders. Many bankers doubted that Argentina would be able to stay within the terms of its agreement with the IMF once unions protested their wage losses. But the banks had little choice; they wanted Argentina to keep paying for the time being. When 1984 ended, the national product was growing only 2.3 percent and inflation was still over 1,000 percent.³

These measures may bring the inflation rate down somewhat, but even if they do, Argentina's economic prospects remain dim. To make matters worse, nobody really knows how to reestablish confidence over the long haul. Argentine economists have their preferred solutions but none of them promises anything but hard times for the next few years and all of them warn that even with his personal popularity Alfonsín may not succeed.

MAKING PEACE ABROAD

Alfonsín has begun to repair the damage done to Argentine foreign affairs by his predecessors' belligerence. While he emphasizes Argentine "independence"

from the big powers, he has tried to stay on good terms with the Soviet Union, the principal customer for the country's grain, and with the United States, whose firms supply Argentina with much of its imported capital and whose banks hold most of its foreign debt. A certain pragmatism based on necessity has informed Radical nationalism, giving the nation its most realistic foreign policy in decades.

Topping the agenda in 1984 was the settlement of an old dispute with Chile over the ownership of three islands in the potentially oil-rich Beagle Channel, a dispute that nearly brought the two countries to war in 1978. The Vatican has been mediating the conflict for the past five years, and on November 29, 1984, it announced that both sides had signed a draft of "a treaty of peace and friendship."

In 1977, when British arbitrators awarded the islands to Chile, the Argentine military had refused to sign. But Alfonsín proved more malleable, motivated in part by his desire to defuse the conflict in order to deprive the military of its best justification for expensive rearmament. In the new treaty, the islands were given to the Chileans while Argentina was allowed to keep the eastern access to the Straits of Magellan, as it had insisted. The treaty allowed Chile some access to the Atlantic but denied it juridical claims over it. Both countries agreed to abstain from warfare in the area, and they created a binational commission whose purpose was the economic integration of the entire region.

The treaty was a major diplomatic achievement, and immediate approval by the Augusto Pinochet dictatorship in Chile was expected. Argentina, on the other hand, would have to await debates between Alfonsín's congressional allies and the Peronists, some of whom promised to oppose the treaty when the debate begins in 1985. Prospects for ratification look promising, but nationalists who oppose the settlement will have their say before a decision is reached. Meanwhile, on November 25, in a nonbinding referendum, 81 percent of the voters approved the treaty, a gratifying surprise to the government (and an embarrassment to the Peronists).

Less progress has been made on the Malvinas/Falklands issue. Technically Argentina and Great Britain are still at war, because Argentina has not declared the conflict ended. Contacts with the British were made and discussions were held briefly in Switzerland in July, but Foreign Minister Dante Caputo came away empty-handed. The British insisted that Argentines declare an end to the war before they would agree to discuss any

(Continued on page 85)

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²The *New York Times*, September 12, 1984, p. 41. The largest American creditors are Manufacturers Hanover, Citicorp, and Chase Manhattan.

³The agricultural product grew by 3.5 percent, industry by 3.8, and commerce by 3.3, while construction declined by 14.5 percent in 1984. See *Clarín* (Buenos Aires), Suplemento Económico, November 4, 1984, p. 7.

"The future of Uruguay's new civilian regime is unclear. Important questions of amnesty and the full restoration of political rights remain. . . . But with the civilian politicians winning most if not all their confrontations with the military, the process of restoring democratic rule in Uruguay is at last in motion."

Confrontation and Transition in Uruguay

BY RONALD H. McDONALD

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URUGUAY is experiencing a difficult and awkward period in its political history—an effort to reestablish democratic, civilian control over its political and government institutions. The process has been extended, uncertain and acrimonious, and the final results cannot yet be predicted, although an important plateau was reached on November 25, 1984, with the first national elections held in Uruguay since 1971.¹

Just as the process of redemocratization in Uruguay has been protracted and tenuous, so too was the process of militarization. No single blow by the Uruguayan military against the long established democratic processes and institutions in the country ended democracy. Rather, the assumption of power by the military was incremental. By the late 1960's, the country's economy was in a state of stagnation and decline, and internal security was increasingly threatened by the Tupamaros, an urban revolutionary movement, while civilian politicians and their traditional processes seemed paralyzed in the face of these conditions. One by one, national institutions came under military domination—the press, the Congress, party leaders and organizations, the police, the courts and, eventually, the presidency.²

In a culture so strongly oriented toward individual freedom and democratic processes, military control became increasingly unpopular in the past decade, and the military found it necessary and expedient to affirm its intention to normalize the nation's politics eventually. But what the military leaders had in mind was something different from the previous system in Uruguayan politics: a new system that would guarantee the military a continuing role in government and would limit the influence of traditional leaders and parties. Political inexperience and internal divisions within the military elite made the process of redemocratization awkward and encouraged the military to continue to use coercion as a substitute for effective political control.

Despite its heavy-handed treatment of the nation's political leaders and institutions, the military tried to maintain the prospect of eventual normalization and a thin thread of legality. After forcing Juan María Bordaberry, the last constitutionally elected President, to resign in 1976, military leaders elevated his Vice President, Alberto Demichelli, to the presidency; and through their controlled National Council—a military-devised substitute for the disbanded national legislature—they subsequently selected another civilian, Aparicio Méndez, to serve as President until 1981. Both these civilians were figureheads for the military rulers. In 1981, the military selected retired General Gregorio Álvarez, formerly commander-in-chief of the armed forces, to serve as President until 1985, during which time plans would be made and implemented for new elections and a new constitution.

Even before Álvarez assumed power, the military rulers met a serious reversal in their efforts to control the return to civilian government. Government leaders submitted their draft for a new constitution to a constitutional referendum on November 30, 1980. Voters had only a few weeks to consider the document, and then only within the context of a controlled press. Yet 58 percent of those voting rejected the proposal, an unprecedented result for a military-controlled referendum.

Many prominent Uruguayan politicians had urged defeat of the referendum, and after its defeat the military found itself in the unlikely position of having to negotiate a way out of power with traditional political leaders and parties, a process that continued for the next four years. These negotiations, the interaction and conflict between military and civilian elites, were critical and complex within the distinctive culture and heritage of Uruguay. The military was forced to negotiate itself out of power with those who would ultimately assume it, underscoring the political ineptitude of the military leaders compared to the clearly superior skills of traditional party leaders and the political sophistication of the Uruguayan people.

THE MILITARY REGIME

The manner in which the Uruguayan military came to power—gradually and incrementally—was unplanned and focused on immediate, short-term objectives: control

¹This excludes the plebiscite organized by the military in 1980.

²The gradual military penetration of civilian institutions is discussed in my article, "The Rise of Military Politics in Uruguay," *Inter-American Economic Affairs*, vol. 28 (Spring, 1975), pp. 25–43.

and extermination of the revolutionary movement and the restructuring of basic government policies to revive the stagnant economy. There was a commonly shared determination among officers not to permit a return of traditional Uruguayan party politics, since most officers blamed civilian politicians and their inaction in the face of the revolutionary and economic crises for the country's malaise. But they also recognized that Uruguay could not be governed forever by a military regime. They avoided the idea that normal legal processes had been interrupted or that a military coup had occurred, and instead made rather vague promises about an eventual return to civilian rule and elections in the distant future.

Equally vague but nonetheless persistent in their vision was a continuing, permanent role for the military in future governments, a role that would go far beyond that previously assigned to military officers. The military rulers established an Armed Forces Political Committee (COMASPO) to sort through the alternatives and come up with a plan that could ultimately be implemented and that would guarantee continuing and permanent military influence. Combined with this objective was their resolute determination to contain any political leader or organization that resisted their plans. Many political leaders were stripped of their political rights; some were imprisoned; others went into exile. Traditional parties were outlawed; their activities were suspended. Leftist groups and leaders (as defined by the military officers) were harshly treated, and the military rejected the possibility that leftists could ever be reinstated or allowed to compete for power.

Included among these leftist groups were the Christian Democratic party, the Socialist party, the Frente Amplio ("Broad Front," a coalition of leftist groups that competed in the 1971 national election), as well as some of the factions or "*lemas*" of the two major parties, the Colorados and the Blancos.³ Military leaders also wanted the continuation of the National Security Council (COSENA), which they dominated and which they regarded both as a means to maintain political stability and as an organization that could veto government policies it found objectionable.

While the military achieved its immediate objectives—extermination of the revolutionary Tupamaro movement and a new economic policy that for a time encouraged growth—its success was short-lived as new political challenges emerged. The economy faltered in the wake of international pressures, especially the rising cost of imported petroleum, the decline in national exports, and the increased financial burdens caused by rising interest rates abroad. The assumption of power also affected the inter-

nal organization of the military, resulting in a purge of what the dominant faction viewed as left-wing influence in the military. Some officers were prematurely retired, others were dismissed, and the remaining officers were brought under control by General Alvarez and his associates.

Since the defeat of the constitutional referendum, the military has been aware that it would have to restore civilian government and political rights eventually, or face an increasingly hostile and demonstrative public. The stubborn resistance of political leaders to military proposals, the need for the military to negotiate a restoration of civilian rule with them and the likelihood of growing internal divisions within the military if this inevitability were postponed were the principal reasons the military wanted to surrender power as soon as possible and under the most tolerable circumstances.

International influences also led the military to restore civilian rule. The Uruguayan military, as well as the general population, was influenced by events in Brazil, Argentina and Chile, three other military regimes in the same region. The protracted, methodical approach of the Brazilian military leaders to restoring civilian government influenced many Uruguayan officers and was to some extent a model for their own efforts. The disasters of the Argentine military in recent years, including the unsuccessful war with Britain over the Malvinas Islands and the precipitous withdrawal of the military from power, had not gone unnoticed. Growing opposition to the Chilean regime of General Augusto Pinochet, the serious deterioration in the Chilean economy in the 1980's and the apparent inability of the Pinochet regime to cope with its problems, had special relevance for the Uruguayan officers, because Chile, like Uruguay, had a strong democratic tradition in which military rule was an anomaly.

Recognizing the inevitable need to restore democratic traditions in Uruguay and the likelihood that the longer the transition the greater the resentment toward the military, Uruguayan officers set a course that tried to maximize their continuing influence in subsequent regimes and minimize the likelihood of retribution once they surrendered formal power. The whiplash against the Argentine officers after the restoration of civilian control in 1983, which resulted in the indictment of many officers for human rights violations, the dismissal of others and a general vendetta against the Argentine military institutions, was a grim reminder for Uruguayan officers that their abuses of power, their ruthless treatment of political dissenters, and their widespread abuse of human rights and legal processes made many of them vulnerable to similar treatment once civilians returned to power. In the critical negotiations with party leaders during 1983 and 1984, the thought of the Argentine experience was especially somber and timely, and probably influenced the concessions the military ultimately made to the party leaders.

The economic malaise of the country prompted the

³The Blanco party is officially known as the National party, but is commonly referred to by the former name. An earlier analysis of the military's treatment of parties and leaders can be found in Howard Handelman's "Uruguay," in Howard Handelman and Thomas G. Sanders, eds., *Military Government and the Movement Toward Democracy in South America* (Bloomington: Indiana University Press, 1981), pp. 215–286.

military rulers to change their economic policies by the late 1970's in a vain effort to reverse the generally negative economic trends. It also forced them to renegotiate their country's foreign debt from a position of considerable weakness. Private banks were concerned about the political instability that seemed to be growing as the military tried to negotiate itself out of power, and they were aware of considerable international hostility toward the regime. The prospect for future economic recovery seemed poor, and continued bad economic conditions would only create additional problems for the military were it to remain in power.

Uruguayans have endured economic stagnation and reversals for years, but the military leaders have blamed civilian politicians who, they charged, refused to take the difficult measures necessary to correct them. The argument was a rationalization for the austerity resulting from the military's economic policies, but the ultimate failure of these policies destroyed the plausibility of the argument and further eroded public endurance.

There were, then, many persuasive reasons for the Uruguayan military officers to restore civilian rule: they had promised it from the outset and realized that, within the traditional political culture of Uruguay, military rule would ultimately become untenable; they were plagued by the continuing possibility of internal dissension in their own ranks; and they were aware of the problems the military had experienced in Argentina, the worsening political situation in Chile, and the prospect for personal and institutional retribution. In addition, they were shaken by their political failures, their inability to impose a new constitutional order by plebiscite and their inability to dominate traditional party leaders. They were also sensitive to the economic problems that lay ahead for the country and their limited ability to resolve them; and finally, they were aware of the continuing hostility of democratic regimes elsewhere in Latin America and Europe to their oppressive rule.

But the military leaders lacked the political acumen necessary to achieve what they wanted in return for allowing elections and civilian rule, and increasingly over the last several years they lowered their estimate of what they would be able to achieve. It was no secret within the military or for that matter in the country generally that General Alvarez wanted to remain in power as a constitutionally elected President through a controlled process that would insure his election. That ambition also became a casualty to the defeat of the 1980 plebiscite. The Uruguayan military officers found themselves in the uncomfortable, indeed unlikely, position of having to negotiate terms with party leaders for a return to civilian power, a process rarely experienced by military dictatorships.

Since the military officers blamed the traditional parties and political leaders for the economic and political deterioration which, from their viewpoint, forced them to intervene and take control of the government, they set as a high priority in the normalization process significant

changes in the parties, specifically, control of extremist elements and a renovation of party leaders—perhaps a new generation of party leaders. They also wanted to retain a continuing role in overseeing civilian decisions, in effect a military veto of government policies.

To pursue these objectives, the military announced that internal party elections would be scheduled for November, 1982, two years before the anticipated national elections. These party elections, the first in Uruguayan history, would select representatives for national party conventions, which in turn would nominate party leaders and candidates. The military proclaimed this a step toward the democratization of the parties; actually, it was designed to neutralize the traditional base of political leaders—their patronage and influence. But once again the military's efforts backfired. Two of the most prominent traditional leaders, Jorge Batlle of the Colorado party and Wilson Ferreira Aldunate of the Blanco party, were prohibited from participating in the party elections. Batlle had lost all his political rights, and Wilson Ferreira Aldunate was in exile under threat of arrest should he return to Uruguay.

Their supporters in their respective parties achieved impressive victories nonetheless in the internal party elections. Delegates for the Colorado convention supported by Julio Sanguinetti and Enrique Tarigo received 75 percent of their party's vote; both were sympathetic to Batlle, perhaps less so personally than as a symbol of resistance to military control and as an expression of the traditions of their party. They met little opposition from the Colorado leadership. The primary alternative was offered by delegates pledged to Jorge Pacheco Areco, a former President and Colorado leader, who had been discredited because of his complicity with the military officers.

The internal party elections for the Blancos produced an equally impressive victory for two traditional factions, "For the Fatherland" and "Rocha National," both of which supported Wilson Ferreira Aldunate. The Colorados chose an executive committee supportive of Batlle, and the Blancos chose one dominated by supporters of Ferreira Aldunate. Thus the elections disappointed the military. The ensuing round of confrontations between party and military leaders produced deadlock and intransigence and seemed for awhile to threaten the compromise between party and military leaders that was a precondition of the 1984 national elections.

General Julio César Rapela, head of COMASPO, the military's political affairs commission, laid down the ground rules for negotiations with the newly selected party leaders who were to set the terms for national elections. A key issue was drafting a new constitution; another was the military's insistence that only three parties could participate in the elections—the Colorados, the Blancos, and the Civic Union, the only three acceptable to the regime.

Virtually all party leaders called for the reinstatement

of the minor parties as well as the reinstatement of the 1967 constitution and the political rights of party leaders who had been banned by the regime. Discussions began in May, 1983, and continued for about one month. Early in the discussions, the Blanco leaders made it clear to the military that they were unwilling to participate in the national elections unless complete freedom were restored to all party leaders and their organizations and unless the 1967 constitution were reaffirmed; a Blanco boycott would deny the electoral process any semblance of legitimacy.

During June, 1983, the Blanco weekly magazine *La Democracia* published a cover picture showing Ferreira Aldunate talking with Spanish King Juan Carlos, who at the time was on an official visit to Uruguay. The Uruguayan government charged that the photograph was a fake and banned future publication of the periodical. Government action against the press continued. Over the two-year period (1983–1984), 24 publications were closed by the government. Finally, in July, 1983, when talks between the military and party leaders broke off entirely, the military declared that the November, 1984, elections would be held with or without the cooperation and participation of party leaders and that, if agreement were not reached on a new constitution, the military would simply proclaim one. Obviously, the military was not prepared to risk a repeat of the 1980 plebiscite.

As a result of the stalemate, the government indefinitely suspended all political and party activity as well as press coverage of such activity. This action prompted the United States embassy and the Department of State to issue an unusual note, expressing concern about the process of normalization in Uruguay. The prospect for national elections seemed bleak, as did the possibility of finding a way out of the political impasse. The military's campaign to normalize civilian politics on its terms once again had been frustrated by the very leaders whose influence the military tried to eradicate from Uruguayan politics. In an unusual gesture, the Uruguayan Catholic Church offered to mediate between the two sides. The government, in a somewhat more conciliatory tone, subsequently proposed private talks between its leaders and the party leaders, "private" presumably meaning talks that would not be reported by the national press.

By September, 1983, strains were beginning to appear within the military between those who were determined to take a hard stand against party elites and those who felt that some solution was essential for national stability, even if it required compromise. A new military commission was formed, headed by General Angel Barrios, the director of the Military Institute of Higher Studies, to find an acceptable plan for negotiation. This group offered a counterpoint to the hard line taken by COMASPO.

Later that month unprecedented public protests erupted in the capital city of Montevideo, stimulated by party leaders and word-of-mouth communication about the regime's intransigence. In October, Blanco and Col-

orado leaders signed a document, the text of which was widely distributed, which held President Alvarez personally responsible for the delays in the negotiations, and which asked again for the complete restoration of political freedoms.

In December, 1983, less than a year before the scheduled national elections, the parties held national conventions to nominate presidential candidates. The Blanco decision was predictable: Wilson Ferreira Aldunate, still in exile and under threat of arrest should he return, was nominated by a 377-15 vote as his party's presidential candidate. The Colorados, only slightly less belligerent, nominated Sanguinetti for the presidency and Tarigo for the vice presidency, while Batlle, despite the ban on his political activity, called for the resignation of President Alvarez. Leaders from both parties met during their conventions and agreed to form a multiparty group to relay their demands to the government. A radio station that tried to broadcast the Blanco convention, CY30, was taken off the air by the government.

With Batlle's defiant statement and the nomination of Ferreira Aldunate, the civilian-military confrontation escalated. The military could ignore Batlle, but they could not ignore Ferreira Aldunate, a symbol of resistance to their control and an outspoken critic of their regime. In January, 1984, a general strike was organized by the labor movement and endorsed by many sectors of the population. Tension within the military mounted. Some officers warned Alvarez, whose presidential ambitions were still simmering, that should he decide to run for the office or to organize a party in his own behalf, he would first have to resign. During the summer, the politics and the bickering subsided briefly.

A major concession finally came from the military in May, 1984, in an effort to reach some tolerable compromise with the party leaders. Liber Seregni, the presidential candidate for the Frente Amplio in 1973 and a former military officer himself, was released from prison, although significantly his political rights would not be restored for another two years, well after the scheduled elections. The military also agreed to reinstate several minor parties, including the Christian Democrats, the Socialists, and a liberal faction of the Colorado party that had supported the Frente Amplio in 1971. The leader of that faction, Zelmario Michelini, had been assassinated while in exile in Argentina, allegedly through a plot involving some Uruguayan military officers.

(Continued on page 87)

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"The toughest job Brazil's new President faces is how not to lead the country back to a pre-1963 impasse. If he is successful, Brazil will avoid the return of the generals . . . will resist a drift to the left, and will move toward economic recovery."

A Requiem for Authoritarianism in Brazil

BY EUL-SOO PANG

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and

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AFTER two decades of dictatorship, in 1984 Brazil in no way resembled a monolithic, oppressive Orwellian state. On the contrary, the military-civilian authoritarian regime spent the year preparing to disengage itself from the epicenter of national politics. In 1984, the national mood vacillated between optimism about the impending democracy and pessimism about the worsening economy with the third world's largest debt.

Even the reelection of Ronald Reagan in November, 1984, brought both hope and despair for Brazil. His continued deficit-financing policy foretells a slow economic recovery in the United States and therefore world economies, while his conservative economic philosophy will continue to keep the United States market open to Brazilian goods. It is against this mottled backdrop that Brazil will act in 1985.

On the political front, 1984 saw lame duck President João Batista Figueiredo, the fifth general to hold that high office since 1964, frequently incapacitated by major and minor illnesses. As the year wore on, Figueiredo exhibited growing indifference toward both the country and the government-favored party, the Social Democratic party (Partido Social Democrata-PDS). By mid-1984, a deep public apathy toward the administration had begun to self-destruct PDS. On the economic front, the \$100-billion-plus (some say \$140 billion) external debt remained a pharaonic monument to the 20-year legacy of the military-dominated regime, with no solution in sight.* Over the past two decades, the foreign debt has multiplied 28.5 times, from \$3.5 billion to \$100 billion, while personal income has expanded a moderate 2.8 times. The gravity of the country's economic problems were most visible on the social front, with its precipitously declining real wages (especially for the middle classes), its urban and rural workers' strikes and, most tragically, its notable surge in crime.

But, in the midst of the depressing news, the Brazilians, true to form, found humor and irony: the sex goddess of

the year, Roberta Close, turned out to be a man; the presidential candidate of the largest opposition party, the comparatively liberal Brazilian Democratic Movement party (Partido do Movimento Democrático Brasileiro-PMDB), came not from the ranks of its founding fathers but was instead a founder of the recently defunct conservative Popular party (Partido Popular), and its vice presidential candidate was the former president of PDS; the most militant leftist party, the Workers' party (Partido dos Trabalhadores-PT), refused to participate in the electoral college. And four underground Communist and Marxist parties were content with the status quo candidates of PMDB, the only issue on which the pro-Moscow PCB (Partido Comunista Brasileiro), the pro-Albanian and formerly pro-Beijing PC do B (Partido Comunista do Brasil), the Trotskyite Socialist Convergence, and the pro-Cuban MR-8 (Movimento Revolucionário-8) managed to agree.

The *abertura* policy of the Figueiredo regime allowed the emergence of five aboveboard parties and four subterranean groups, replacing the two-party system that had been in place since 1966. The November, 1982, elections gave the opposition a strong voice, which sparked a political fire that has engulfed the government. PDS, however, is still a majority party, controlling 13 state houses, 235 federal deputies, and 46 senators. PMDB has 9 state governors, 200 federal deputies, and 21 senators. The Democratic Labor party (Partido Democrático Trabalhista-PDT) is the third largest party, with 23 federal deputies, 1 senator and 1 governor. The two other minor opposition parties have token representation in the federal Congress: the old Vargas-founded Brazilian Labor party (Partido Trabalhista Brasileiro-PTB) has 13 federal deputies and 1 senator; and PT proffers 8 federal deputies.¹ Together, these opposition parties have often voted against government bills and have had a few sweet victories.

The electoral college responsible for electing a President on January 15, 1985, consisted of all senators and federal deputies, plus 132 delegates elected from the state level, for a total of 680. Of this number, PDS had 359 votes, PMDB 269, PDT 30, PTB 14 and PT 8. The

*All monetary figures are in United States dollars.

¹Robert Wesson and David V. Fleischer, *Brazil in Transition* (New York: Praeger, 1983), pp. 112-120.

government-favored PDS controlled 52.8 percent of the total, a scant 18 more votes than a simple plurality. In theory, PDS could have elected its own nominee for President, but this was not the case.

As early as June, 1983, it had become clear that PDS had four leading candidates: Paulo Salim Maluf, federal deputy from São Paulo and its former governor (1979–1982); David Andreazza, retired army colonel, former minister of transports of the Médici government (1969–1973), and current minister of the interior; Antônio Aureliano Chaves, Figueiredo's Vice President; and Marco Maciel, senator from Pernambuco. The kingmakers—the military, Figueiredo's personal advisers, former Presidents, and former and present Planalto (the Brazilian White House) officials—were divided over the candidates. The three service ministers were said to have favored Chaves; Minister of Justice Abi Ackel and General Octávio Medeiros, chief of the national intelligence (SNI), supported Maluf. And while former President Emílio Garrastazu Médici showed a liking for Maluf, former President Ernesto Geisel was openly hostile toward him and showed nothing but contempt toward Andreazza. Maciel was considered a good compromise candidate in the event that the other three found themselves in a deadlock.²

By Carnival 1984, the politics of succession had become a real crisis of leadership for PDS. Figueiredo insisted on remaining on the sidelines while letting PDS chieftains resolve the selection of the party's candidate. Although many failed to see in Figueiredo's position even a modicum of the chief of a corporatist state in action, this was not in fact the case. As Howard Wiarda has shown in his pioneering works on corporatism, the essence of a corporatist state rests on the role of the holder of state power—in the Brazilian case, the military—as the just and impartial arbiter of conflicting political interests. Throughout his administration, Figueiredo saw his role as being umpire for class and group claims for state favors, mediator of the resultant political conflicts, and custodian of the national interests. In keeping with this concept, Figueiredo understood his obligation to be to oversee and supervise an orderly transition from military rule to civilian government, a point he reiterated on many occasions. Had he participated in the selection of his successor in a more direct manner, the result would have been the product of authoritarianism, not democracy. The logic of this stance, however, was lost on many Brazilians.

In early June, fearful of losing the presidency if Figueiredo continued to refuse to involve himself in the selection of his successor, PDS leaders asked him to endorse a party primary for choosing the most popular candidate PDS had to offer and to do so with grass roots participation. The two front-runners, Andreazza and

Maluf, predictably refused the proposal. However, the party primary was strongly endorsed by those who opposed Maluf and Andreazza and by the two weaker candidates, Vice President Aureliano Chaves and Senator Marco Maciel. In the name of party harmony, the PDS president (Senator José Sarney of Maranhão) pressed Figueiredo for presidential support of the primary. By first endorsing the primary and then (over a weekend) reversing himself, Figueiredo placed Sarney in an untenable situation. Unable to reverse the presidential reversal, the PDS president resigned in protest. Within a month, the government party was imploding. Such stalwarts as Chaves, Sarney, and Maciel decided to organize a dissident group, known as the Liberal Front, and initiated contacts with PMDB for a possible electoral alliance.

The troika of Chaves, Sarney and Maciel sought to expand their base by visiting PDS-dominated states in search of followers. By various counts, the PDS's 18-vote margin in the electoral college was "taken out" by the Liberal Front, which by late July was said to control as many as 63 votes.³ Because of the crossover of Liberal Front adherents to PMDB, the majority and government-favored PDS would not be electing the successor of authoritarianism. Furthermore, Brazil would be installing its first civilian President to be freely elected in a quarter of a century.

MINAS LEADS DEMOCRATIC ALLIANCE

The regime's Vice President was the leader of this revolt and served as the go-between with the opposition. A native of Minas Gerais, Chaves had no trouble in rallying his followers to join in a "Democratic Alliance" with PMDB, the state's dominant party. This was the first step in the national unity movement. Minas Gerais emerged as a "rebel" state in mid-July to force a realignment of Brazil's party system. Thus, for the third time in four decades, Minas has been the flagship of civilian opposition to dictatorship (the first time was 1945 and the second, 1964).⁴ The governor of Minas, Tancredo Neves (no friend of Chaves's), responded with uncharacteristic warmth to the idea of an alliance brimming with strong possibilities of winning the presidency for Minas. Putting aside two decades of political rivalry and hatred, Neves and Chaves forged the Pact of Minas to unite their followers within the state and possibly to bring the PDS dissidents of other states into the Minas-dominated alliance.

By the end of July, Tancredo Neves was emerging as the consensus candidate of PMDB, the Liberal Front, and other minor opposition parties, including the underground Communist groups. The chieftains of PMDB, like party president Ulysses Guimarães and Governor André Franco Montoro of São Paulo, never had time to float their personal plans for the candidacy. The "Pact of Minas" was so timely and unfolded so quickly that no one was willing to risk the emerging multiparty "Democratic Alliance" by asserting the candidacy of either Guimarães or Montoro. The alliance was sealed by early August, and

²*Senhor*, August 15, 1984.

³*Jornal do Brasil*, July 24, 1984.

⁴For Minas's role in 1964, see Carlos Luís Guedes, *Tinha Que Ser Minas* (Rio, 1979).

Neves resigned from the governorship of Minas to devote full time to the campaign.

The two remaining factions within PDS—the Andreazza and Maluf wings—exhibited uncharacteristic optimism, insisting that the PDS dissidents would return to the bosom of the party by convention time. This never happened. Although in theory the defection of the dissident voters could have been overcome by attracting opposition voters, such an eventuality seemed remote. Both Andreazza and Maluf failed to fathom the depth of “nationalism” in Minas, Brazil’s premier rebel state, and neither appreciated their unpopularity among PDS politicians, including those who had pledged their support. In the year of paradoxes, PMDB united the coalition behind a single candidate, while the party of the regime was plagued by deadly infighting.

As late as the eve of the PDS convention in Brasília, most political analysts remained convinced that Andreazza would win, but with a very narrow margin. Maluf, however, was the better campaigner. Back in 1978, Maluf had opposed the candidate favored by President Ernesto Geisel in the São Paulo state party convention and had won. The press believed that Maluf had unabashedly bought state delegates in 1978 and was ready to repeat his performance in August, 1984. Secret balloting permitted delegates to play one against the other, accepting money from both, but voting their instincts. Contrary to most predictions, the vote was not close. Maluf garnered 493 votes to Andreazza’s 350.⁵

The PMDB convention, which took place in the Chamber of Deputies the day after the PDS spectacle, was a coronation of Tancredo Neves’s candidacy, not a nominating convention. While delegates cast their secret ballots, a stream of politicians entertained the assembled multitude of some 3,000 by attacking Maluf, the government, the International Monetary Fund (IMF), and foreign interests. Some demanded that Maluf be sent to prison, not to the Planalto. A man in his mid-seventies and looking every bit his age, Neves delivered a 45-minute speech in the sweltering heat. Much like Maluf, he underscored the need for reforms, not for a radical revolution.⁶

MALUF UNDER PRESSURE

No sooner had Maluf been nominated than there were pressures on other PDS members to declare for the party’s nominee. All Cabinet ministers gave lip service to their unqualified support of Maluf, except for the minister of industry and commerce, a political ally of Aureliano

Chaves’s. The minister soon lost his job. Rumors spread like wildfire that those refusing to support Maluf’s candidacy would lose their federal sinecures. The first wave of the “purge” ousted the relatives of the leaders of the Liberal Front, while Neves’s more outspoken cronies left their federal posts voluntarily. A nephew of Neves’s, the director of the federal internal revenue service, was not fired.⁷

On the whole, the Maluf faction of PDS was eager to use federal resources to intimidate the reluctant and to bolster its candidate. Figueiredo pledged his support for Maluf’s candidacy in public, but made it clear, in a characteristically “corporatist” way, that he was no *malufista*. This disclaimer further debilitated PDS, and by November, many of the former Andreazza supporters had switched over to Neves’s side, and just about every PDS governor of a northeastern state declared his support for the opposition candidate as well.

For the poorest third of the country, the northeast, the decision to support Neves was a very difficult and costly one, both politically and financially. The two newest verbs in Brazilian Portuguese, “*tancredar*” and “*malufar*” (that is, to declare for Tancredo Neves or for Maluf) posed a “to be or not to be” dilemma for northeastern governors. Federal funding has always supplemented their state expenditures, ranging from direct financial aid to funds for public works projects to credit to state banks. Planning Minister Antônio Delfim Netto controlled the flow of all federal funds to states. The press often accused him of having pressured northeastern governors to “malufar”; otherwise, he vetoed funding requests or delayed the release of appropriated money.⁸

By late November, Planalto officials were spearheading a move to persuade Maluf to withdraw from the race. Delfim Netto was dispatched to talk to Maluf, but in vain. Polls showed that Neves was clearly favored as President by all classes, professions, many PDS people, and even some military men. Some unkind press people began to dub the PDS candidate “Paulo Mondale.” Maluf was tried and sentenced by the press to lose, months before the January, 1985, election. The federal electoral court ruled that PDS delegates could vote for Neves without losing their mandate to office. The president of PDS resigned, leaving the party in limbo. The federal government, meanwhile, turned on the money spigot to those PDS states that supported Neves.

FOREIGN DEBT AND SOCIAL UNREST

Neither of the two leading parties offered workable solutions to the gargantuan debt. Both Brazilian officials and foreign bankers suspended their talks on renegotiating the debt in late August to see who would be the next President. In early November, however, they were back at the negotiating table. The Central Bank of Brazil predicted that at the end of 1984, excluding short-term loans, the country’s external debt would go over the \$100-billion mark.⁹

⁵ *Jornal de Brasília*, August 12, 1984.

⁶ *Exame*, August 8, 1984; *Visão*, August 13, 1984.

⁷ *Veja*, November 21, 1984, reported that Francisco Dornelles, Neves’s nephew, has served as an intermediary between Delfim Netto and the Democratic Alliance candidate in meetings on the foreign debt question.

⁸ *Veja*, November 14, 1984.

⁹ Banco Central do Brasil, *Relatório 1983* (Brasília, 1984), pp. 82–85; *Folha de S. Paulo*, October 6, 1983.

The often voiced charge that expensive petroleum imports caused the external indebtedness in the first place must be reexamined.¹⁰ Two of the four large Latin American debtors, Mexico and Venezuela, owe a combined \$140 billion and are net petroleum exporters. Argentina, the third largest debtor, is a self-sufficient petroleum producer, owing \$44 billion, and the fourth is petroleum-importing Brazil. Although petroleum imports account for much of the third world's \$810-billion debt, as a region Latin America presents a variation on this theme.¹¹ Brazil, Argentina, Mexico and Venezuela together owe \$350 billion, which is 80 percent of all Latin debt.

All these middle-income industrialized economies went overboard in investing in too many and too costly development projects during the 1960's and 1970's. In brief, the policies of import-substitution industrialization followed by the middle-income countries, rather than their petroleum imports, were a chief cause of debt. In Brazil, petroleum imports complicated the debt structure.

The fact that upward of 60 percent of all Brazil's external debt is owed by state-owned corporations, or *estatais*, further strengthens the hypothesis that it is not the petroleum account but the excessive investment in industrialization and infrastructure projects that provoked the debt crisis. Initially, Brazil borrowed to balance its current accounts; then, it sought loans to cover the operational costs of the *estatais*; and ultimately, it borrowed to increase foreign reserves by selling the capital raised by the *estatais* to the Central Bank.¹²

At the end of 1983, Brazil's total foreign debt was about \$92 billion, of which \$67 billion (72 percent) was owed to foreign commercial banks. Through an international banking syndicate, Brazilian banks lent \$9 billion to their own government and *estatais*. International "nonbanks"

¹⁰"Grounds for Increasing Optimism: An Interview with Beryle W. Sprinkel, Under Secretary of the Treasury for Monetary Affairs," *Economic Impact*, no. 46, pp. 32-39.

¹¹Morris Miller, "Coping with the International Debt Crisis" (Paper delivered at the Aspen Institute, Aspen, Colorado, August, 1984). Miller is executive director of the World Bank.

¹²*Veja*, March 30, 1983. Former Planning Minister Mario Henrique Simonsen defended this policy.

¹³Banco Central do Brasil, *Brazil, Economic Program: Internal and External Adjustments* (Brasília, August, 1984), p. 53.

¹⁴*Estado de S. Paulo*, April 24, 1984.

¹⁵*Gazeta Mercantil*, June 1, 1983; *World Press Review*, November, 1984.

¹⁶*Folha de S. Paulo*, June 3, 1984.

¹⁷*Veja*, November 21, 1984. The Tucuruí power plant was to begin producing electricity on November 22.

¹⁸*Veja*, August 22, 1984.

¹⁹Brazil's sixth "letter of intentions": Affonso Celso Pastore, Antônio Delfim Netto, and Ernane Galvão to Jacques de Larosière, Brasília, September 28, 1984.

²⁰Federal university faculty and employees were on strike for over 100 days between May and August, 1984, for higher pay, but the government did not accept their demands. See *Visão*, August 17, 1984. For a short study of Brazil's wage laws, see Marco Antônio de Souza Aguiar et al, *Política Salarial, Desemprego e Recessão: Ditadura Econômica versus Democracia* (Rio, 1983).

lent an additional \$20 billion. Eighty percent of the total debt was contracted at variable interest rates. Only a meager 8.3 percent of the debt is pegged to the United States prime rate, while a whopping 70.8 percent is pegged at Libor, the London Interbank Offered Rate. Hence, one problem of the debt structure is Brazil's dependence on the interest rate of the core economies—in particular, the United States prime rate and Libor—over which Brazil has little control.¹³

Analysts of all ideological shades agree that Brazil will need some form of moratorium or restructuring, a breathing space to put its economic priorities in order. Neves is a strong proponent of this reordering. A former Central Bank president has also proposed that Brazil should "disengage" itself from the international financial system for a period of five years.¹⁴ A conservative businessman has advocated a moratorium whereby the interest and unpaid principal would automatically be capitalized to the whole of the loan for a grace period of seven to ten years.¹⁵ And, still another proposal has called for a total default.¹⁶ The new President can be expected to act to bring the situation under control by adopting a politically popular decision.

The debt crisis hit Brazil at a most inopportune time. Many of its pharaonic projects, like the hydroelectric installations at Itaipu (\$12 billion), the massive Carajás mineral farm (\$60 billion), a petrochemical complex (\$6 billion), several steel mills (\$7 billion), and nuclear power plants and related research facilities (\$5 billion), just to name a few well publicized ones, were expected to produce results only in the late 1980's and early 1990's. Nonetheless, Itaipu began to pump electricity in late October, 1984; Tucuruí was prepared to generate electricity in late November; and Carajás is expected to ship its first load of minerals in early 1985.¹⁷ Furthermore, the phenomenal offshore oil production efforts made by Petrobras are finally beginning to pay off, with production rates of about 500,000 barrels per day, a little over one-half Brazil's daily consumption.¹⁸ Foreign trade for 1984 is also expected to do well, anticipating a surplus of more than \$11 billion.¹⁹

Three years of austerity measures have cut deeply into wages, have provoked a business recession and high unemployment, have reduced university budgets to one-fourth of their 1980 level, and have contributed to instability in the political system as a whole.²⁰ In truth, part of

(Continued on page 88)

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"If new directions are taken by the government, they seem most likely in relation to the drug trade and the guerrillas. . . . Success will depend on a combination of the regime's willingness to redistribute goods, especially land, and the availability of money to put into rehabilitation programs."

New Directions in Colombia?

BY HARVEY F. KLINE

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WITH about 30 million inhabitants, Colombia is the least known of the major countries of Latin America. While political violence was endemic to the country for 20 years between 1946 and 1966 (a period called *La Violencia* by Colombians), most violence was not of the Communist guerrilla kind that draws so much attention in the United States. Military dictatorships have been rare, with only one in this century (1953–1957). Presidents have been civilians, chosen through elections, and they have not included "dangerous" socialists. Multinational corporations have never invested in Colombia to the degree that they have in other countries of the hemisphere. No United States property has ever been nationalized, although banks were forced to "Colombianize" a decade ago. The Colombian foreign debt, now about US\$10.6 billion,* is modest in Latin American terms.

This surely does not mean that all goes well. At least 200,000 people, mostly peasants, died in the name of partisan loyalty during *La Violencia*. Per capita income is about \$1,400; of the twenty Latin American countries, Colombia ranks fourteenth in terms of wealth. The distribution of income is one of the most inequitable in the area. Social welfare programs cover only a small proportion of the population. Even though the partisan violence ended almost 20 years ago, leftist guerrilla bands have been in the hills since 1964.

The country deserves more attention, especially at this time. First, Colombia has traditionally had a political elite that uses a certain amount of imagination and creativity in attempting to solve problems through civilian means. The partisan violence of 20 years ago (and the military dictatorship to which it led) was ended in part through the power-sharing agreement of the two traditional parties. Under this National Front (Frente Nacional) all political power was shared equally between the Liberal and Conservative parties between 1958 and 1974.

Since 1974, constitutionally mandated coalition government has continued, currently with the stipulation that the second largest party must be offered "adequate and equitable" representation in the executive branch.

And in 1984 truces were signed with three of the four major guerrilla groups in the nation, making Colombia the first Latin American country to reach such agreements with admittedly Marxist groups.

Second, despite its economic moderation (which included not seeking foreign loans to the extent that it could have in the late 1970's and early 1980's), Colombia now suffers from the same kinds of economic problems as the rest of Latin America. The problems have been aggravated by a recent crackdown on the drug trade, a major source of foreign exchange. Both the economic problems and the guerrilla truce have recently led to rumors of a possible military coup d'état.

Since the August 7, 1982, inauguration of Conservative Belisario Betancur as President, Colombia has been at an *encrucijada* (crossroads) in its history. While some see the intersection as just another phase of national history in which no new route will be taken, others suggest that a new path has already been chosen. Betancur's victorious Movimiento Nacional combined Liberals disgruntled with their party with members of the Conservative party. Perhaps, some said, the domination of the two traditional parties, dating from the mid-1800's, was ending.

Yet the *encrucijada* involves more than just the presidential election. Betancur is more populist than his predecessors, promising the poor, among other things, houses with no down payment. The monetarists (called "Chicago Boys" in Bogotá) prevalent in Cabinets during the Liberal presidencies of Alfonso López (1974–1978) and Julio César Turbay (1978–1982) have been replaced by individuals with economic strategies directed more toward internal development. On Betancur's initiative Colombia joined the group of nonaligned nations. For one of the few times in its history, the country began to play an important role in international relations, especially through participation in the Contadora group. And then came the truce with the guerrilla groups.

THE CONTADORA INITIATIVE

To a greater degree and with more efficiency than his recent predecessors, Belisario Betancur has used his office for foreign policy initiatives. There was surprise and some consternation when, in his August, 1982, inaugural

*All monetary figures are in United States dollars.

speech, he suggested that Colombia join the nonaligned nations (which it did in 1983). Beginning in 1983, both Betancur and his foreign minister, Rodrigo Lloreda Caicedo, played active roles in the Contadora group.

Betancur's position is based on two premises: that economic underdevelopment is the basic cause of war in Central America, and that Latin Americans can solve the problems of the region better than outsiders. As he stated in July, 1983, "Peace has many enemies, principally the poverty and the backwardness in which large sectors of the population of our countries live."¹ The next month he listed the proposals of the Contadora group: a freezing of the level of existing armaments and negotiations on their control and reduction; the proscription of military installations of other countries in Central America; and the control of arms transfers.²

In October, 1983, Betancur spoke of this initiative at the United Nations, making it clear that the United States government was partly at fault. He contended that the superpowers' pursuit of "their own, sometimes warped, interests" threatened to drag the rest of the world into war; he asked them to stand aside while the regional group sought a solution. His basic argument was that

violence, tensions, incidents, underdevelopment, and injustice are all symptoms of a crisis in which coexistence and self-determination have been forgotten and which sees the superpowers shamelessly interfering in lands where peasants leave their sowing to take up alien arms and to dig their own graves.³

In a press conference after the speech, he suggested that United States military maneuvers in Central America were adding to the problem, stating, "I respect the rights of states to work through their madness, but let them not seek Central America as the arena for their conflict."⁴

Betancur's related activities have included using his good offices to bring the warring sides together. Both the Democratic Revolutionary Front (FDR) and the Farabundo Martí National Liberation Front (FMLN) of El Salvador have held meetings in Bogotá with United States envoys. Arturo José Cruz, prospective presidential candidate in opposition to the Sandinistas in Nicaragua, enlisted Betancur's support in his unsuccessful efforts to have the November 4, 1984, elections postponed. The FDR asked that Betancur be a facilitator during its October, 1984, meeting with El Salvador's President José Napoleón Duarte.

When these activities began, some Colombian observers thought they were motivated by Betancur's inability to do anything quickly with more intractable domestic problems. By late 1983, others argued that the Contadora activities, in effect, were pushing the President toward

¹*El Espectador* (Bogotá), July 17, 1983.

²María Jimena Duzán, "No se conquista con armas sino con obras": Betancur," *El Espectador*, August 18, 1983.

³*The New York Times*, October 6, 1983.

⁴*Ibid.*

⁵*El Tiempo* (Bogotá), September 29, 1983.

⁶*El Espectador*, April 1, 1984.

truces with Colombian guerrilla groups. How, they asked, could Betancur encourage peace and moderation in Central America without doing the same in his own country?

Some Colombian opposition to the Contadora initiatives arose. A few political leaders, believing that Central American insurgencies were caused principally by Soviet and Cuban interference, opposed any policy that might lead to negotiations. Others argued that Betancur's foreign policy distanced the Colombian and United States governments, something to be avoided given the country's own guerrilla problems and its economic difficulties. Yet if Betancur was less constrained in his foreign policy initiatives, he was also less criticized than he was for his domestic policies.

TRUCES WITH THE GUERRILLA GROUPS

Attempts to end the Colombian guerrilla insurgencies legally had been made by the Turbay government; an amnesty law was signed on March 23, 1981. Betancur also first went the route of a congressionally approved law, signing a slightly more lenient law on November 20, 1982. Although perhaps as many as 1,500 guerrillas accepted the amnesty, incidents of violence increased, with 465 deaths related to guerrilla violence in Betancur's first year, as compared to 60 in Turbay's last full year.⁵

The next Betancur strategy was to sign in-place truces, without asking the guerrillas to turn over their arms. By October, 1984, such cease-fires had been signed with all but one of the country's major guerrilla groups. The first was on May 28, when an agreement signed a month earlier went into effect with the largest of the Colombian guerrilla organizations, the Armed Forces of the Colombian Revolution (FARC). FARC had been founded in 1964 and was allegedly supported by the legal Colombian Communist party (PCC). The guerrilla group had proved to be a nuisance to the government over 20 years and apparently had connections with narcotics traffickers, but never posed a genuine threat.

The terms of the one-year truce with FARC were vague. During the truce, there were to be "discussion" and "development" of an "ample political reform to establish full democracy in the country and to permit the emergence of new forces on the national scene, with full guarantees." It was said that this reform would include the modification of the "bipartisan electoral system," equal access to mass media, and the direct election of mayors. Further, it was agreed that the 12,000 members of FARC could return to "legality" without giving up their arms. While such individuals were not pardoned, that possibility was not ruled out for the future.⁶

During the year of the truce, a high-level commission, including a member of the Communist party, would supervise it and the complementary programs to rehabilitate the affected zones through public programs, the provision of credit and water systems, and the "application of the agrarian reform."

During the first week of September, a similar truce went into effect with the Popular Army of Liberation (EPL)—a Maoist group—and the 19th of April Movement (M-19)—a nationalist group that had chosen its name from the 1970 date of the “robbery” of the presidential election from former populist military dictator Gustavo Rojas Pinilla. In announcing this truce, President Betancur said simply, “there will be national dialogue.”

By early September, only the *fidelist* Army of National Liberation (ELN) had not signed a truce, and the Betancur government could boast an achievement unmatched in Latin American history. Since then, guerrilla subversion and armed forces activities related to it have largely, but not completely, ended. Yet the truces were seen as a means, and not an end in themselves. Three questions subsequently became prominent in Colombian political debate.

The first was what was meant by national dialogue. Not surprisingly there were diverse opinions. Early speculation suggested that dialogue necessitated a constituent assembly of “popular origin,” including the ex-guerrillas. This was soon denied by the Betancur government, which insisted that it only meant “ample consultation” with the armed groups participating in the truce. Former Liberal President Carlos Lleras Restrepo, considering the promised modification of the electoral system, opined that the proportional representation system used for legislative bodies was more democratic than a single-member district system would be. He was, however, willing to consider such a system for the departmental assemblies and town councils (neither of which has much real power in Colombia). Political party leaders, especially those in the national Congress, made it clear that the constitutional system would have to be followed; that is, laws would have to be passed by the legislative body.

The second major question raised had to do with the fact that guerrilla groups accepting the truce did not have to turn over their arms. Various editorialists pointed out that, by the constitution, only the armed forces could have weapons. Some suggested that the guerrilla groups would simply use the truce as a respite to regroup and rearm. Nobel Laureate Gabriel García Márquez suggested, however, that the guerrilla groups might have turned in only obsolete weapons and pointed out that the constitutional prohibition was not being enforced.

The importance of this issue was shown when the President and his minister of defense, General Gustavo Matamoros D’Costa, exchanged letters in early September. When the President congratulated the minister for “the demonstration of constitutional loyalty and professional sense” of the armed forces, the general caustically replied:

the constitution establishes that the public authorities will have a permanent army for their defense. That is the text of

the Law of Laws. It includes, in Article 48, the express prohibition of bearing arms in this way: “Only the government can introduce, manufacture, and possess arms and munitions of war.”⁷

Because of this issue, September, 1984, was a month of rumors of an imminent military coup d’état. These reached such a level that on September 24 the President stated that the armed forces were being incited to carry out a coup, “demoniacally and uselessly,” by “those who claim to be their friends.” He stated that the “guerrillas are not at the corner of the [presidential] palace” and that there was nothing to the “disrespectful suggestions” that there was something “hidden or unconfessable” in the agreements.⁸

The third issue had to do with the cost of the programs. While government programs for the rehabilitation of the guerrilla-affected zones had begun even before the Betancur presidency, by the time the truces were signed Colombia was suffering severe economic problems. The question became how to fund rehabilitation programs in that context.

The national dialogue formally began in Bogotá during the last week of October. All the guerrilla groups participating in the truces were represented, along with members of the Congress.

THE NARCOTICS CRACKDOWN

One source of economic difficulty came from the diminution of hard currency from the narcotics trade. This source, usually treated ambivalently by Colombian governments, had begun on a large scale through marijuana cultivation in the mid-1970’s. Later in the decade, cocaine processing was added, with the coca leaves first imported from Bolivia and Peru, and later grown in Colombia also. Estimates suggested that by 1980 the drug trade was contributing about \$3 billion annually, almost equivalent to all legal exports.

Before August, 1982, the Liberal governments formally fought the drug trade (with more vigor in the Turbay administration than the López regime), but they welcomed the dollars that the trade produced. Transactions were handled through the *ventanilla siniestra* (left-handed or sinister window) of the Banco de la República, where dollars could be freely exchanged with no questions asked. As the years passed, the United States put increasing pressure on Colombian officials to cooperate in ending the problem at its source.

During 1983, led by Minister of Justice Rodrigo Lara Bonilla, the Betancur government stepped up attacks on the drug centers and on the *narcotraficantes* (drug dealers). In testimony to the national Congress, Lara suggested that *dineiros calientes* (hot moneys) were involved in professional soccer and bicycle racing. Further, Lara accused several congressmen of having knowingly received “hot money” for their political campaigns. Other testimony suggested that the drug money was being laundered into industry, that the Colombian “mafia” was a key contrib-

⁷*El Tiempo*, September 7, 1984.

⁸*El Espectador*, September 25, 1984.

utor to the charitable works of the Church, and that increasing numbers of Colombian youth were becoming addicted to a cocaine-marijuana-gasoline mixture called *bazuko*.

Successful raids on cocaine-processing plants included a March, 1984, raid in which Colombian police, accompanied by a United States embassy observer, occupied a plant in the jungles near the Yari River, seizing 12,500 kilograms of cocaine valued at \$1.2 billion. United States Ambassador Lewis Tambs classified this as "the largest drug raid ever, by any standard." Between 40 and 50 people working at the plant had been protected by about 100 FARC guerrillas, camped immediately to the north. Ambassador Tambs stated simply that "the guerrillas were serving as camp protectors," while Minister of Defense Matamoros added "everyone knows that the planes leave Colombia with cocaine and that they return with weapons from Cuba."

The anti-drug campaign intensified (and the truce with FARC was complicated) when, on the evening of April 30, Minister Rodrigo Lara was assassinated. It was assumed that his assassins had been hired by the drug bosses.

The Betancur government acted immediately. A state of siege was declared for the entire country, although the President made it clear that the action was directed against the *narcotraficantes* and not against the FARC guerrillas with whom a truce had already been agreed. Raids were carried out against the property of suspected leaders of the drug trade, including some 80 in the city of Medellín alone. Property seized included weapons, aircraft, sophisticated radio equipment, thousands of dollars and, in at least one case, a private zoo including giraffes. None of the alleged top drug leaders, however, was arrested; all had fled the country. In July, a program of aerial spraying of marijuana began for the first time.

Also in July, seven drug leaders living in Panama contacted former President Alfonso López and National Procurator Carlos Jiménez Gómez, seeking a truce. The drug *mafioso* promised to return some \$2 billion to the country and to desist from future drug-related activities if they were allowed to return to Colombia. The Betancur government refused that deal. López and Jiménez were criticized for even participating in the dialogues.

THE ECONOMIC CRISIS

The Colombian economy could have used the hard-currency infusion suggested by the *narcotraficantes*. The situation at the end of October, 1984, can be summarized as follows.

The balance of payments, which was a surplus of \$1.6 billion in 1979, by 1983 had decreased to a deficit of \$1.9 billion. As a result, international reserves declined from \$5.6 billion at the end of 1982 to \$1.6 billion in October, 1984, or only about enough for three months of imports.

The public sector deficit grew from 0.5 percent of the gross domestic product (GDP) in 1979 to 7 percent of the

GDP in 1983. Credit from the Banco de la República, primarily in the form of printing new money, grew at a rate of 45.5 percent in 1983 and is projected to grow by 53.6 percent in 1984.

The foreign debt grew from \$3.996 billion in 1979 to \$10.6 billion in 1984. The debt service grew accordingly, from \$952 million to \$2.005 billion in those two years. As a percentage of exports, this represented an increase from 19.3 percent to 42.7 percent.

The country was in a deep recession. Economic growth per capita diminished from 2.1 percent in 1980 to -1.2 percent in 1983. Unemployment grew from 7 percent in 1981 to 12.5 percent in 1982 and 13.5 percent in 1984. This figure did not include underemployment, estimated at an additional 20 percent of the economically active Colombian population.

In part, these economic difficulties can be blamed on the governments of Liberals Alfonso López and Julio César Turbay, both of whom supported an overvalued peso and eliminated protective tariffs in order to keep the economy from "overheating" during the coffee and drug bonanzas of the 1970's. In addition, events outside Colombia, over which the Betancur government has no control, have adversely affected the country's economy. Recession in the industrial countries led to decreased earnings from some primary products (coffee remaining fairly constant, as it is controlled in amount and price by an international organization of producing and consuming countries). Protectionism in the northern countries negatively affected some Colombian products, most notably cut flowers. The world oil glut and its effects on the OPEC (Organization of Petroleum Exporting Countries) neighbors of Colombia—Venezuela and Ecuador—led to decreased legal exports, a lower value for contraband, devastating effects on Colombian border cities (which had "cheap" products while the Venezuelan and Ecuadoran currencies were "strong"), and less money being sent home by Colombian immigrants in Venezuela.

While it is now suggested that the Betancur government waited about a year too long to act, new economic policies were decreed in late 1983 and 1984. One of these was an accelerated rate of "mini-devaluations," the system used since 1967 in Colombia. By encouraging devaluation at a rate greater than inflation (28 percent compared to 16 percent in 1983), simultaneously it became more advantageous to export Colombian goods and less advantageous to import foreign goods. Further, to

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"The inclination to carry partisan politics to extremes remains integral to the dynamics of Ecuadorean politics. León Febres Cordero himself is both impatient and impetuous. His election was a testimony more to his personality than to his economic philosophy. In the light of political conditions and the continuing economic crisis, the challenges confronting the government are imposing."

Ecuador: The Right Takes Command

BY JOHN D. MARTZ

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ON August 10, 1984, Ecuador inaugurated León Febres Cordero as President of the Republic.* As the second successive elected chief of state in a country long characterized by constitutional irregularity and political instability, Febres Cordero represented a gradual deepening of the nation's democratic vocation. A pragmatic and hardheaded businessman turned politician, he declared his disinterest in ideological crusades:

It is senseless to stake out a position to right or left; matters are too important for that. . . . We will not lose our perspective by adopting sectarian stances that would sacrifice reality in order to satisfy orthodoxies that in practice are neither solutions nor cure-alls. . . .¹

León Febres Cordero was nonetheless a figure who epitomized the class interests and perceptions of the nation's traditional entrepreneurial elites, among the most conservative in South America.

In fact, his energetic campaign had produced the continent's first freely elected rightist administration in years. At a time when free market economic policies and an energetic quest for foreign capital had become associated with the economic disasters of southern cone dictatorships, Febres Cordero was pledged to precisely this approach. Furthermore, the new President faced an Ecuadorean economy deep in the trough of debt and stagnation. With this in mind, he hastened to Washington and New York late in June. Members of his economic team had already paved the way, most notably in seeking World Bank financing for the major low-cost housing program promised during the campaign.

In the quest for an understanding with the United States, Febres Cordero spent over an hour in cordial conversation with United States President Ronald Reagan. While stressing their agreement in economic outlook, Febres Cordero also expressed his intention of opening wider Ecuadorean doors to foreign investment.

*Appreciation is due the Fulbright Commission, which made possible the author's 1984 field research in Ecuador.

¹This quote is from Febres Cordero's inaugural address on August 11, 1979. *El Comercio* (Quito), August 12, 1979.

²See John D. Martz, "The Quest for Popular Democracy in Ecuador," *Current History*, vol. 78, no. 454 (February, 1980).

This was repeated during a separate session with United States Secretary of State George P. Shultz. Moving on to New York City, the President-elect initiated preliminary conversations with his nation's creditor banks and with international financial interests. He pressed further his case for investment, credits, and a renegotiation of the foreign debt, and was firm in favoring bilateral negotiations.

In private talks as well as in an open meeting with some 600 businessmen at the Pan-American Society, Febres Cordero insisted that foreign capital would be welcomed in areas of high priority to his government. He repeated earlier promises to consolidate Ecuador's foreign debt and to restructure systematically the bureaucratic procedures in Quito. While urging more rapid disbursement of funds from international lending agencies, he also gave assurances that his government would facilitate Ecuador's slow and inefficient processing and utilization of foreign loans. Ecuador's commitment to total fulfillment of the \$6.3-billion debt was underlined, along with a request for lower terms of repayment over a longer period of time.

The emphasis both at home and abroad was heavily economic in content. However, the political significance of the election and its aftermath was substantial. The slow but evident solidification of Ecuadorean democracy had been salutary. The reestablishment of constitutional government under Jaime Roldós Aguilera in August, 1979, had closed the dictatorial period that had prevailed throughout the 1970's.²

During Roldós's own pre-inaugural visit to Washington, the stress had been upon the restoration of democracy and the military's acceptance of the public's will. The military's intentions had been seriously questioned until the very moment that Roldós and his running mate Osvaldo Hurtado had taken their oaths of office. United States perceptions and priorities in 1979 had also focused on constitutionality and political democracy, rather than the economic crisis that surrounded the visit of Febres Cordero five years later.

Consider the scene on a sunny spring afternoon in Washington in 1977. President Jimmy Carter's wife Rosalynn, preparing for a trip to Latin America to repre-

sent her husband, had been undergoing an afternoon of briefings by government and academic experts. After an extended discussion of Ecuador, she turned to diplomatic officials and asked why such a small and relatively weak state was being included on the six-nation itinerary. It was promptly explained that the Ecuadorean armed forces were wavering in their stated objective of reinstituting civilian government and that—given the Carter administration's policies—some symbolic prodding was in order.³ The eventual withdrawal of Ecuador's military regime was stimulated by United States policy and quiet pressure in the months preceding the swearing-in of Jaime Roldós.

Such external pressures were not relevant to the circumstances of the 1983–1984 campaign. Through its Quito embassy, the United States made no secret of its strong support for the electoral process; yet the exercise of democracy was not seriously in question. Ecuadoreans generally believed that the United States had privately favored the election of Rodrigo Borja Cevallos, the Social Democratic candidate who was Febres Cordero's major opponent. There was little doubt, however, that Washington's prime concern was the completion of the electoral process and the installation of the new administration. The struggle proved long, exhausting and acrimonious. And when Febres Cordero finally succeeded outgoing President Osvaldo Hurtado Larrea in August, it marked the first constitutional transfer of power through elections since 1960.

THE DOUBLE CAMPAIGN

The official opening of the campaign in October, 1983, was preceded by earlier efforts to negotiate alliances and coalitions. The progressive fragmentation of the party system since the election of Roldós and Hurtado aggravated the political panorama. The victorious Concentración de Fuerzas Populares (CFP) was first riven by bitter competition between President Roldós and the party's veteran caudillo, Assád Bucaram, who had handpicked Roldós in 1978 when the military barred his own candidacy. The death of the President in a May, 1981, plane crash had brought the Christian Democratic Hurtado to office while the CFP and latent *roldosismo* divided further. In the meantime, other parties also suffered internal schisms.

In 1978 there were six *binomios* (presidential/vice presidential teams) contesting for office. Five years later, there were nine, along with seventeen parties recognized officially by the Tribunal Supremo Electoral (TSE). In the elections conducted on January 29, 1984, voters chose both their President and Vice President; both national and state seats in Congress; state prefects; mayors/vice mayors; and both state and municipal councilmen. There were 1,436 seats to be filled. With illiterates enfranchised by the 1979 constitution, nearly 3.5 million citizens were

eligible to vote, easily the highest total in Ecuador's history.

Because of a combination of personal, partisan and ideological disputes, efforts at coalition-building were only partly successful. The traditional Right proved more effective in this regard than either the Left or the so-called Center-Left. Believing that the 1984 race probably constituted the last chance to win power via the ballot box, the Right united forces as the Frente de Reconstrucción Nacional (FRN). The coalition included the Liberals, the Conservatives, and the personalistic movements of three former Presidents—Otto Arosemena Gómez, Carlos Julio Arosemena Monroy, and the deceased José María Velasco Ibarra. The small Social Christian movement to which Febres Cordero belonged also joined the Frente. Once he was chosen as a candidate, the Liberals' Blasco Peñaherrera Padilla later joined the ticket as the vice presidential candidate.

The benefit of such cooperation was not lost on other parties, but the lesson proved unavailing. The decimated CFP ultimately chose the little-known Angel Duarte as its candidate, while two breakaway groups contested the legacy of the late President Roldós. The Partido Roldosista Ecuatoriano (PRE) chose not to contest the presidency, while the Pueblo Cambio y Democracia (PCD) eventually allied itself with the Social Democratic Izquierda Democrática (ID). The PCD's Aquiles Rigail became the running mate of the ID founder and candidate, Rodrigo Borja Cevallos. The ID, convinced that it was the strongest Center-Left party, was otherwise unwilling to negotiate with would-be partners.

Among the contenders was Francisco "Pancho" Huerta, a former Liberal who ran with his own Partido Demócrata (PD) after failing to construct an alliance. President Hurtado's own Democracia Popular (DP) ran Julio César Trujillo, a skilled leader who became a sacrificial lamb as a consequence of the government's unpopularity. Yet another contestant from the Center-Left was former *roldosista* Cabinet Minister Jaime Aspiazu of the Frente Radical Alfárista (FRA). This party was still running on the memory of its assassinated founder, Abdón Calderón Muñoz, and was managed by his daughter Cecilia, who was not old enough to run for President.

With one rightist competing against five relative centrists, Febres Cordero was viewed as the probable victor. The three Marxist candidates, challengers of only secondary popular appeal, further illustrated the centrifugal character of Ecuador's party politics. The moderate Frente Amplio de Izquierda (FADI), dominated by the official Communist party, ran the latter's René Maugé Mosquera, as it had in 1978. The intransigent radicals of the Maoist Movimiento Democrático Popular (MPD) resisted all efforts at cooperation, selecting their sole congressman, Jaime Hurtado, as candidate (he is not related to Osvaldo Hurtado). Late in the campaign, a handful of other microparties attempted to reconstitute the old Partido Socialista (PSE) and chose Manuel Salga-

³The author was present at the briefing.

do Tamayo. This dispersion of Marxist groups effectively shattered the possibility of a meaningful electoral impact.

The constitutional system enshrined in the 1978 charter called for a presidential runoff in the absence of an absolute majority in the first *vuelta* (round). With nine candidates in the race, it was assumed that the two front-runners would meet later in the spring. Both the pollsters and popular wisdom anticipated a narrowing of the contest to Febres Cordero and Borja, the strongest contender from the Center-Left. Speculation therefore centered on the relative strength of these two men. For Borja and the ID, there was the expectation that the accumulated strength of the Right would assure Febres Cordero the first-round lead. Strategy therefore centered on a defeat of other candidates while limiting the margin of Febres's presumed victory.

The converse was true for the Frente de Reconstrucción Nacional. Campaign planners sought the largest possible margin over Borja. They proceeded to conduct a lavishly financed campaign, with heavy reliance upon the media. The candidate himself angrily attacked the Hurtado administration, linking it to Center-Left candidates. His meetings and rallies were marked by violence and by the presence of FRN shock troops.

On January 29, the elections were marred by procedural irregularities and incompetence. The Tribunal Supremo Electoral's errors were manifest, including the shipping of ballots to the wrong city or province; contradictions in the electoral registers; and subsequent denial of suffrage to citizens whose names had been lost. The participation of some 450,000 illiterates and the inherent complexity of multioffice balloting (each voter received several ballots to be filled in) worsened the process. The vote had to be suspended in several coastal locations, notably in much of Los Rios province. The FRN was the most outspoken in denouncing these procedures. It insisted that implacable government hostility had led to fraud against Febres Cordero and his supporters. The ferocity of FRN attacks was fueled by his unexpected defeat.

Although the margin was close, Rodrigo Borja led the first round, to widespread surprise and consternation. The official results were announced on March 29: Borja polled 634,533 votes (23.9 percent of all votes). Febres Cordero followed with 600,000 (22.7 percent). In a mild surprise, Angel Duarte for the CFP finished third with 298,412 votes (11.3 percent). After applying quotients, the ID was awarded 3 of these 12 seats. They were followed by the Social Christians with 2; 1 seat each was awarded to the PD, CFP, FRA, DP, MPD, PRE, and FADI.

Borja won in every province of the nation except Guayas, the most populous. There Febres Cordero won by a large margin, consequently staying close to Borja nationally. In the aftermath of the vote, however, it appeared that Borja was in a commanding position. He was soon joined by several others, including Huerta's PD,

the governing DP, and FADI from the Left. Rodrigo Borja was confident of ultimate victory, and even the parties backing Febres Cordero began to blame each other for the defeat. The candidate was determined not to throw in his hand. Instead, he studied his first campaign and launched a vigorous effort for the second *vuelta*, which was set for May 6.

His revised strategy called for a shift from the high-powered, overorganized drive of the first round to a more personal effort. Presenting himself as a man of the people, the self-made millionaire stumped the country with a vigor personified by his bristling moustache and leonine mane. With the slogan of *pan, techo, y trabajo*, he created an appeal based less on conservative economic policy than on populist promises. In the meantime, Borja continued an active effort that did little to arouse the electorate. A nationally televised debate one week before the elections saw two well-versed figures exchanging bitterly personal charges. While the urbane and polished Borja was characteristically articulate, the bluntly outspoken Febres more truly spoke the language of the masses.

When the votes were tallied, the second round results confounded predictions again. With 78.7 percent of eligible voters going to the polls, 2,964,297 votes were cast. Febres Cordero received 1,381,709 (46.6 percent of all votes) against 1,299,089 (43.8 percent) for Borja. The remaining ballots (9.6 percent) were either null or blank. The margin of victory was again large in coastal Guayas, which went to the FRN candidate by a margin of some 260,000 votes. Borja's earlier performance had also slipped, for he lost in the highland province of Tungurahua, and in coastal Los Rios and Manabí. Febres Cordero also led in Bolívar state. The triumph for the embattled *guayaquileño* was a credit to his dogged determination and personal effort. It also placed on his shoulders the responsibility for many grave problems.

THE ECONOMIC LEGACY

The increasing dependency of the sagging economy on petroleum earnings rendered Ecuador ever more sensitive to the vicissitudes of that industry. From mid-1981—coincidentally the time that Hurtado had succeeded Roldós—the nearly \$34 per barrel price had fallen to \$27.50. National budgets were regularly pegged to higher prices and to export levels that exceeded industry performance. Declining prices on the international market and the accompanying demand glut were beyond Ecuador's control. At the same time, the nation's reserves were continuing to be drawn down.

While the state-owned Corporación Estatal Petrolera Ecuatoriana (CEPE) was increasing its own exploration and drilling, further activity was needed. As the result of 1982 reforms in petroleum legislation, CEPE was authorized to negotiate a form of service contracts. In June, 1983, geological information was sold on 11 separate blocs, and six bids were received before the close of the year. During 1984, agreements were negotiated with Ex-

xon, Hispanoil, Occidental and Belco. With output also on the rise, there was cause for optimism in the middle range, but short-run prospects were more uncertain. Meantime, the nation's dependency on petroleum continued to grow. The Hurtado administration's final budget, presented in January, 1984, counted on petroleum to generate over half of current gross domestic product and two-thirds of government income for the year.

In the meantime, the foreign debt continued to handcuff the government and dilute its economic plans. Massive borrowing had been initiated toward the close of the military regime, and it was not reversed by Roldós. By 1982, the interest payments on the debt were five times those of 1978. The August, 1982, recognition that oil-rich Mexico was virtually bankrupt registered on a Hurtado government already moving in the direction of austerity. By mid-January, 1983, Ecuador and its creditors had negotiated a rescheduling of the \$1.2-billion payment due in December. In July, 1983, a loan from the International Monetary Fund (IMF) for \$167 million over a twelve-month period was approved.

Oswaldo Hurtado, who had made the conscious decision to meet international debt and loan conditions even if austerity further squeezed the lower and middle classes, stuck to his policies. In December, 1983, Ecuador's creditor banks agreed to finance that portion of the debt due by the end of June. A month later the debt renegotiation process led to a mild softening of rates and repayment periods. It was also agreed that 100 percent of the debt would be refinanced. All further arrangements were put on hold until the elections were completed and Hurtado's successor was seated in Condorlet Palace.

Hurtado had fought against the fierce criticism directed against the outgoing administration by Febres Cordero and his associates. By the close of 1983, Hurtado was claiming that the corner had been turned and that the economy was recuperating. Although granting the enduring nature of the debt, he took pride in what was termed the successful management of the economic crisis while preserving the democratic system. However, the evidence was at best mixed. The year 1983 had seen an eight percent drop in foreign reserves, while the endemic stagnation of the agricultural sector had not been altered. To be sure, there were moderate improvements in 1984 for crops like sugar and cacao, but these were merely returns to normalcy after the disruption caused by coastal floods and torrential rains during the previous season. The unexpectedly swift boom in shrimp farming and exportation dropped off drastically, and both banana and coffee revenue sagged.

With the outgoing government projecting a 1.5 percent increase in the gross domestic product (GDP) for 1984, Oswaldo Hurtado pointed to several areas of presumed

improvement. The rural sector had benefited from electrification, projects of integrated development, and what was widely agreed to be a successful campaign against illiteracy. Budgetary support for education had risen, and advances had been made in the hydroelectric system. In addition, the retiring chief executive took pride in having avoided a default on payments or a total collapse of the economy and a denial of credit from international agencies. As a minority President thrust without warning into authority at a time when the economy was already in a grave condition, he unquestionably deserved high marks for the survival and strengthening of constitutionality and the democratic process, especially in a country with the traditions of Ecuador.

ECONOMIC DEBATE

Whether or not the economy could have been better managed remains very much a matter of partisan debate. Oswaldo Hurtado chose the route of austerity, rigid control of exchange rates, a succession of devaluations, and a virtual cutoff of imports. This shift from Hurtado's position as a political sociologist in earlier years⁴ was regarded as inevitable, given external pressures. However, other reformists were unpersuaded. Rodrigo Borja, for one, had rejected unalloyed austerity on the grounds of its negative social impact. Some economists expressed a preference for import substitution, for consumer protection laws, and for continued government spending. State enterprises, although in need of more professional and efficient management, were to continue as major instruments of official policy.

Borja's positions were somewhat closer to those of the retiring regime than the position of Febres Cordero. However, in effect, Oswaldo Hurtado had favored a neoliberal economic approach while at the same time maintaining his faith in the inherent value of state intervention in the economy. The political Left was understandably critical. The sociologist José Moncada, recently elected rector of the Universidad Central del Ecuador, attacked the deterioration of real wages, the contraction of public spending, and the basic reflection of capitalist crises. Failures in employment, inflation, and policy inconsistencies had led to a concentration of income and property for the wealthy, while reducing the living standards of most Ecuadoreans.⁵

Leftist criticisms were anathema to Ecuadorean business leaders, who sturdily espoused the merits of a free market economy, a reduction of public spending, a shrinking of the bureaucracy, and the divestiture of many state enterprises. Had Febres Cordero won the first

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⁴See especially Oswaldo Hurtado, *Political Power in Ecuador*, trans. by Nick D. Mills, Jr. (Albuquerque: University of New Mexico Press, 1980).

⁵As cited in *Latin America Weekly Report*, April 20, 1984, p. 11.

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"The inauguration of President Hernán Siles in October, 1982, was certainly an advance for democracy in Bolivia, but it is by no means clear that democratic government has been definitively established. . . . Any regime, democratic or otherwise, will face problems bordering on the insoluble. These include the full incorporation of the Indians into the economy, society and polity of the country; the full development of the nation's agricultural and mineral resources; and the expansion of manufacturing to serve the needs of the national economy. . . ."

Bolivia's Democratic Experiment

BY ROBERT J. ALEXANDER

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ON October 10, 1982, Hernán Siles Zuazo became the first constitutionally and democratically elected civilian President of Bolivia in almost 20 years. Yet the odds remain long against the possibility that he will serve out his four-year term and turn his office over to a democratically elected successor.

The background for Bolivia's current political situation goes back at least to April 9, 1952, and the outbreak on that day of the Bolivian national revolution. That movement, one of the most profound social and political upheavals in Latin America in this century, was led by a leftist nationalist party, the Movimiento Nacionalista Revolucionario (MNR). During the more than 12 years the MNR remained in power, it brought profound changes.

The MNR regime nationalized the big three (partly foreign-owned) mining companies that provided almost all of Bolivia's export income. For the first time, it brought about the organization of the largely Indian peasantry. It began a process of economic development, particularly in the eastern portion of the country, which still continues. It introduced the universal adult franchise, eliminating the literacy requirement for voting.

Most significant, the Bolivian national revolution literally "gave the land back to the Indians." It carried out an extensive redistribution of agricultural land in the Altiplano (High Plateau) and the valleys leading down from it. Once and for all, the regime ended the sixteenth-century system established right after the Spanish conquest, whereby the European or partly European descendants of the conquest owned the land, and the Indian peasants cultivated it on servile terms.

The MNR leaders believed that making the Indians landowners and voters would be sufficient to bring about the establishment of an integrated Bolivian society. Returning the land to the Indians was essential to the eventual integration of the Indians into Bolivian society. Unfortunately, although land and the vote were necessary, they were not sufficient for the full integration of Bolivian society.

Economically, as a petty landowner the Indian was very conservative, loathe to give up the traditional

methods of tilling the soil that his ancestors had used for generations. Only very slowly have the peasants been integrated into the national market. Furthermore, in spite of the substantial spread of educational institutions, particularly on the primary level, in cultural terms the Indians remain largely separated from their white and nearly white fellow citizens, speaking their own languages, still extremely reticent about contact with non-Indians unless such contact is absolutely necessary.

Thus, more than 30 years after the national revolution, one of the principal features of Bolivian society, economy and politics is the continuing division between the non-Indians, centered particularly in the cities and in the eastern departments of the republic, and the Indian peasantry in the Altiplano and the valleys.

The MNR regime of 1952-1964 made two fundamental mistakes. One was to reestablish the army, after having destroyed it in the early phases of the revolution. The restoration of the army was unfortunately stimulated by the United States, whose government gave extensive economic aid to the revolutionary regime during the 1952-1964 period.

The MNR's other major mistake was to fail to maintain party unity. Early in the revolution, it was assumed that a "schedule of Presidents" had been worked out among the MNR leaders, with Víctor Paz Estenssoro, Hernán Siles, Walter Guevara Arce and Juan Lechín succeeding one another in that order; but this proved not to be the case. Although Siles succeeded Paz Estenssoro in 1956, when Siles's term drew to a close, the MNR renominated Víctor Paz again instead of naming Guevara Arce, who broke away to form his own Partido Revolucionario Auténtico.

Even more serious was the party split during the 1964 election. Juan Lechín, the leader of the tin miners, was denied the MNR nomination, and Víctor Paz Estenssoro ran for a third term. Lechín and his followers broke away to establish still another party, the Partido Revolucionario de Izquierda Nacional (PRIN), which rallied strong support among the tin miners, who had been a backbone of the MNR. At the same time, ex-President Hernán Siles broke with the MNR.

These schisms paved the way for the armed forces, which had been totally defeated in April, 1952, and which for most of the MNR period had played no visible role in politics. Although Paz Estenssoro was elected for a third term, he only served a few months before he was overthrown by the army, with the support of most of the civilian opposition, including the dissident factions of the Movimiento Nacionalista Revolucionario.

THE MILITARY PERIOD

The military remained in power from November, 1964, until October, 1982. Many different regimes succeeded one another during this period. A provisional regime headed by Generals René Barrientos and Alfredo Ovando was succeeded by the single provisional presidency of General Ovando. General Barrientos was elected President in a "managed" election in 1966, and died in office early in 1969, when the helicopter in which he was flying crashed. His civilian successor, Vice President Luis Siles Salinas, was overthrown by General Ovando, whose "nationalist" regime lasted only about 11 months.

When General Ovando was overthrown in late 1970, his successor was General Juan José Torres, whose military backing was precarious and who sought civilian backing from the civilian Left and far Left. A "Popular Assembly" was established, composed predominantly of trade unionists, with about 20 percent peasant representatives, plus delegates from various political parties. Many members of the Popular Assembly looked upon it as an incipient "soviet."

The Torres regime gave way in August, 1971, after another coup, led by Colonel Hugo Banzer. He remained in power for seven years. During the first two years the Banzer regime had the participation and cooperation of a faction of the MNR, led by former President Víctor Paz Estenssoro, and of the MNR's traditional enemy, the Falange Socialista Boliviana, the country's principal right-wing party. However, during most of its period in power, the Banzer regime was an unalloyed military dictatorship.

In 1978, the Banzer regime disintegrated. A movement of civil resistance, backed by the Catholic Church, forced Banzer to call elections. Although these were "won" by Banzer's candidate, General Juan Pereda Asbún, the results were challenged, and Pereda Asbún finally seized power. He lasted only three months and was overthrown in November, 1978, by General David Padilla. As President, Padilla presided over new elections on July 1, 1979. The results were indecisive, and Congress "compromised" by naming Walter Guevara Arce, who had been elected to the Senate.

Guevara Arce, in turn, was overthrown in November, 1979, and after a period of confusion Congress elected Lidia Gueiler, ex-member of Juan Lechín's PRIN party, as President. She presided over still further elections in May, 1980, which were also indecisive. Before Congress

could carry out its decision to elect Hernán Siles, who had received a plurality of votes, another military coup brought General Luis García Meza to the presidency.

The installation of President García Meza began the most disastrous and disgraceful period of twentieth century Bolivian history. Leaders of the military regime protected and participated in the international cocaine trade, encouraging the spread of the growth of coca, the raw material for the drug. The regime also borrowed very heavily abroad and provoked a major economic crisis.

In August, 1981, García Meza was overthrown, and during the next 13 months there were two other military Presidents. The second of these, General Celso Torrelio Villa, finally called Congress back into session to elect a constitutional President. It chose Hernán Siles.

The long period of military rule left an almost impossible accumulation of problems for the constitutional government. Thus the regime of President Siles would be precarious at best. One problem was the superannuated nature of the political leadership. The long period of military dictatorship had greatly handicapped the emergence of a new generation of leaders in the political parties and the labor movement. Thus in the 1978, 1979 and 1980 presidential elections, the leading candidates had been ex-Presidents Víctor Paz Estenssoro and Hernán Siles, heading different factions of the Movimiento Nacionalista Revolucionario. In fact, when the democratic regime returned to power in 1982, the leaders of almost all the parties were virtually the same leaders who had been in power when the constitutional government had been overthrown 18 years earlier.

This was also true in the labor movement and other politically significant groups. Thus, Juan Lechín, who had been chosen as head of the Miners' Federation in 1945 and leader of the Central Obrera Boliviana in 1952, still holds those positions.

A few new political figures had appeared on the scene. One was General Hugo Banzer, who was the third candidate in the 1979 and 1980 elections. Another was Marcelo Quiroga, leader of a breakaway faction from the MNR (the Socialist party), who was murdered by the military when General García Meza seized power. A third new figure was Jaime Paz Zamora, elected Hernán Siles's Vice President.

The long period of military rule had also left enormous economic problems. The process of legitimate economic development, begun by the MNR regime in eastern Bolivia, had been drastically curbed. Inflation had gained such momentum that Bolivia's rate of price increases was one of the highest in the world. The military administrations had saddled the country with one of the world's highest per capita foreign debts. Finally, much legitimate economic activity had been replaced by the cultivation of coca and its processing on a massive scale.

THE BOLIVIAN POLITICAL SPECTRUM

The political forces active after Hernán Siles returned

to the presidency were to a large degree the same forces that had been on the scene before 1964. However, the relative strength of the various groups had changed considerably.

Taking into account its various factions, the Movimiento Nacionalista Revolucionario has remained by far the largest political group in Bolivia. President Hernán Siles's faction is known as the MNR de Izquierda (MNRI), and that of ex-President Víctor Paz Estenssoro as the MNR Histórico (MNRH).

Other dissident MNR groups still exist, including the PRIN of labor leader Juan Lechín, and the Partido Revolucionario Auténtico of ex-President Walter Guevara Arce. They have both been minor parties in recent elections. However, Juan Lechín and his followers continued to have considerable influence in the Miners' Federation and the Central Obrera Boliviana.

As there were before 1964, there remain two Communist parties, the Partido Comunista de Bolivia (PCB), which is pro-Moscow, and the Partido Comunista de Bolivia (Marxista-Leninista), which started as a Maoist party. There are also several different Trotskyist parties, all called Partido Obrero Revolucionario. They have some continuing influence in the labor movement, particularly in the Miners' Federation.

During the long military regime, the Communist and Trotskyist parties gained substantial ground in the labor movement at the expense of various factions of the MNR. This was particularly true in the Miners' Federation, where the pro-Moscow PCB made special progress. However, at the 1984 convention of the Miners' Federation, the pro-Moscow Communists suffered a severe setback, and the Trotskyists also lost ground.

Another party that has survived is the Christian Democratic party. It remains a small party, but it has proved to be a valuable ally for President Hernán Siles in his Cabinet, in Congress and elsewhere.

NEW GROUPS

Several new political groups have appeared. One of the oldest of these is the Movimiento de Izquierda Revolucionaria (MIR). It began in the late 1960's, when many of the members of the youth section of the Christian Democratic party broke away to form the MIR. First involved in guerrilla activities, it soon abandoned them. In the late 1970's, it joined forces with Hernán Siles's MNRI, and in 1980 its leader, Jaime Paz Zamora, ran as Siles's vice presidential nominee. The MIR suffered particularly at the hands of the García Meza regime. At one point, when the executive committee of the party was holding a secret meeting in La Paz, troops of the García Meza government broke into the building where it was being held and killed all those present. The party's major leader, Paz Zamora, was then in exile, so he survived.

Another new party which at first seemed to have a substantial future was the Partido Socialista. However, its principal figure, Marcelo Quiroga, was killed by the

military when General García Meza seized power in 1980. The party has produced no successor figure of Quiroga's stature and it remains only a minor political group.

In Bolivian right-wing politics there has been a substantial change in recent years. Former President Hugo Banzer's party, the Acción Democrática Nacionalista (ADN), has largely taken the place of the Falange Socialista Boliviana as the principal right-wing party. During the Banzer regime, the Falange split into several factions. In the 1979 and 1980 elections it received the vote of those wishing to support the Right, whereas the Falange disappeared as a significant factor in Bolivian politics.

There are other groups of major importance in Bolivian politics. As in the national revolution period, the trade union movement, and particularly the Miners' Federation, is one of these groups. Its capacity to manage strikes, including general strikes, as well as its ability to mount demonstrations and riots, and even its potential to engage in armed insurrections at crucial moments, make it a force any Bolivian government must pay attention to.

The organized peasants are also a political force of some consequence. If the next change of government comes through the ballot, the votes of the peasants (who still constitute the largest part of the population) will be important. The peasants also have a certain coercive capacity, as they showed in several showdowns with the Banzer government during the early 1970's. However, the peasants are less significant than might be anticipated because the peasant leadership has generally been very divided and has not usually been able to muster its potential power.

Furthermore, to a large degree the Indian peasants have refrained from active political participation. The peasant militia, who were a bulwark of the revolutionary regime of 1952–1964, were dissolved by the military governments. But even more significant, the peasants have been willing to avoid active political participation so long as the government in power has made no effort to challenge their right to the land that they received during the Bolivian national revolution.

Another significant factor in Bolivian politics in recent decades has been the country's private business community, particularly the "small" mining firms. These mining enterprises were of relatively little significance in the tin industry when the big three firms were expropriated in 1952, but they subsequently came to export a substantial part of the country's minerals. Their political influence grew with their economic power during the nearly two decades of military rule, and they were particularly significant during the Banzer regime. Although they have had relatively little political influence during the Siles government, their economic power remains substantial. Another entrepreneurial group whose economic and political influence has grown in recent decades includes the agrobusiness interests that have developed in

eastern Bolivia, particularly in Santa Cruz.

Finally, there is always the military. Although the army was widely discredited by its 18-year domination of government and politics, and particularly by the disgrace of the García Meza regime's close association with cocaine smugglers, it continues to have close to a monopoly of armed force, and it has a degree of hierarchical organization and discipline that is not equaled by any civilian group.

SILES'S PROBLEMS

When President Hernán Siles took office in October, 1982, he formed a Cabinet consisting of members of the three parties that had supported his election: his own MNRI, the MIR, and the pro-Soviet PCB. Less than four months later, the Movimiento de Izquierda Revolucionaria, headed by Vice President Jaime Paz Zamora, suddenly withdrew from the government and for all practical purposes went into opposition. Later in 1983, President Siles recruited the Christian Democratic party to his coalition, but the MIR remained outside the government.

There were several Cabinet crises in 1984. However, the end result was the return of the MIR to President Siles's Cabinet, which thus became a four-party coalition of the MNRI, MIR, PCB and Christian Democrats.

President Siles's difficulties with his Cabinet were exacerbated by the fact that he did not have a majority in Congress. The alliance of the MNRH, led by Víctor Paz Estenssoro, and the Acción Democrática Nacionalista, led by former President Hugo Banzer, controlled the legislature and was always in a position to thwart any legislative proposals made by the President. On one occasion, the alliance impeached most members of his Cabinet, and on another it demanded that he resign and call new elections.

ORGANIZED LABOR

Many of President Siles's major problems rose from his relations with organized labor. Both the Miners' Federation and the broader Central Obrera Boliviana, including most of the country's workers and peasant organizations, were controlled by parties that were not supporters of the coalition that had elected President Siles.

The two major issues between the President and the Miners' Federation and COB were the questions of who should control the government-owned mining industry, and the general economic policy of the Siles regime. During most of the period of the Bolivian national revolution there had been "cogovernment" in the COMIBOL, the government firm set up to take over the properties of the big three mining companies. During that period, the unions generally had a veto power over the actions of the management of the mining industry, both on the level of the local mines and on the COMIBOL itself. That system had been discontinued in the early 1960's by the second administration of President Víctor Paz Estenssoro.

Soon after the return to power of President Siles, the Miners' Federation demanded the reestablishment of cogovernment in the government-owned mining operation. The President at first refused, but in April, 1983, the Miners' Federation seized physical control of both the individual mines and the headquarters of the COMIBOL. After two months of negotiation between the President and the labor movement, the cogovernment system was reestablished in the state-owned sector of the mining industry.

However, the President rejected the demand that the system of cogovernment be extended to the Cabinet. This demand was made by Genaro Flores, a major peasant leader, at the second national peasant congress, held in June, 1983. During the MNR government of 1952-1964, the Central Obrera Boliviana had named three members of the Cabinet, but in 1983, President Siles refused to reinstate that system.

The labor movement generally was opposed to the negotiations of President Siles and his government with the International Monetary Fund (IMF) and other creditors. When in April, 1984, an agreement was reached to deal with the country's more than \$4.4-billion foreign debt, labor opposition reached a crescendo. The Siles government had agreed to end the subsidies on prices of essential goods and public utility rates, to reduce the government's budget deficit, and to devalue the currency. The President termed the agreement "an effort for national salvation." Two of the first steps he took were a devaluation of 75 percent in the Bolivian peso, and an increase of 500 percent in the price of basic foods and fuel.

The COB responded to these measures with a three-day general strike. When that ended, it announced a general walkout of indefinite duration unless the President reversed his policies. On April 30, the COB declared another three-day strike. Negotiations between the administration and the labor movement followed. An agreement was reached on May 30, whereby the government announced that it would postpone indefinitely the payment on \$1.05 billion owed to foreign private banks. For its part, the COB agreed to accept a general wage increase of "only" 130 percent. By the end of 1984, the Bolivian government had still not renewed payment on its foreign debt.

President Siles's concession did not end his problems with the organized labor movement. During 1984, the COB organized several other general strikes against the government's economic policies, and it subsequently demanded that President Siles resign and call new elections. However, President Siles refused all such demands, at

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"Domestic and international developments have added to the pressures on the Chilean regime, which has limited its own extrication strategy by locking itself into the lengthy transition envisioned by the 1980 constitution," notes this author. However, "predictions of an early demise of the Pinochet government . . . have proved to be premature."

Prospects for the Pinochet Regime in Chile

BY ARTURO VALENZUELA

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ON November 6, 1984, the government of General Augusto Pinochet in Chile declared a state of siege.* Six newsweeklies were closed and forced out of business, and strict censorship was imposed on the rest of the media. Military censors scrutinized all materials before publication to check for any mention of protests, political parties or politics. Even a conservative academic discovered that his newspaper column dealing with the elections in Uruguay was anathema.

The military authorities moved swiftly against opposition leaders. Particularly hard hit was the moderate Socialist bloc, an alliance of Christian left and socialist groups who are also represented in the Alianza Democrática (AD, Democratic Alliance), a broad coalition of opposition forces that includes the Christian Democratic party, the nation's largest party. The headquarters of the Socialist bloc was raided on November 7. All the contents of the building, including light fixtures, were torn out and everyone present was arrested. Socialist leaders, including Luis Alvarado, were sent into three months of internal exile in remote southern villages. Dozens of other political, student, labor and community leaders suffered the same fate; others went underground to avoid arrest.

With the imposition of the state of siege, military forces occupied the country. Working class neighborhoods, which the authorities had identified as being most hostile to the government, were surrounded by troops on successive nights as helicopters buzzed overhead. Homes were raided and thousands of men were carted off to nearby stadiums to be checked for criminal or subversive activities. While some men were detained and sent into internal exile, the operation was clearly aimed at intimidating the population to stop the increasingly militant protests against the 11-year rule of the military regime.

The state of siege took many people by surprise. Even government officials close to Pinochet said privately that the state of siege was an admission of failure on the part of a government that came to power promising progress with order. The two most important organized conservative parties in the country, the Movimiento de Unidad Partidario (MUN, Movement for National Unity) and the Partido Nacional (PN, National party), criticized the

state of siege. They feared that the drastic measure might only set back further the tenuous prospect for a broad agreement that would return the country to democracy. But Pinochet and his advisers were more concerned with quelling the rising chorus of protests:

The protests in Chile had begun on May 11, 1983, when labor leaders called on the population to bang pots as an expression of dissatisfaction with military rule. To their surprise, the response was overwhelming. It marked the first time in nearly ten years that large sectors of the Chilean people lost their fear of the authorities and openly demonstrated their opposition. As such, the protest signaled a historic change in the fortunes of the Chilean dictatorship. Within months, as the government unsuccessfully attempted to quell discontent by arresting leaders, censoring publications, banning meetings, and resorting to an extraordinary show of force, open political activity once again became the hallmark of a country that had been known for its ubiquitous parties, whose presence had extended to most organizations and institutions of society. The cardinal objectives of the military government, to "purify" Chile of parties, groups and ideologies and to bring about a new "patriotic" citizen, had met with resounding failure. Even worse, from the point of view of the authorities, the very same political parties and leaders whom the military had hoped to relegate to the dustbin of history had once again reemerged.

What happened to a military regime that as recently as 1981 was claiming broad national support? Are the prospects good for either an overthrow of the military regime or an early and peaceful transition back to democracy? These questions cannot be considered in the abstract. An assessment of the viability and future of any regime depends on our understanding of the principal characteristics of that regime. Thus, the first part of this essay will briefly characterize the most important features of the military regime that took power on September 11, 1973. This characterization involves two dimensions: a description of the nature of government authority, and a description of the fundamental policy thrusts of the government, that is, the regime's broader political economy.

In describing government authority in Chile it is easier to begin by indicating what it is not. The Chilean regime is not fascist. The military governors have strong-

*An earlier version of this article appeared in *LASA Forum*, vol. 15, no. 2 (Summer, 1984).

ly resisted the entreaties of some of their civilian supporters that a large, nationalist, civic-military movement be created to mobilize the masses in support of the government. Nor have the authorities sought to appeal to working and middle class elements through populist economic and social policies.

It is also a serious mistake to characterize the Chilean regime as corporatist or functionalist. Half-hearted attempts to create a progovernment labor movement failed for lack of government support. No steps were taken to create mechanisms of representation through intermediate bodies like *gremios* or business and professional associations. Indeed, rather than relying on corporative bodies for representation and control, the government has disdained these ties and has deliberately sought to break the power and influence of organized functionalist groups. Under Pinochet, the Chilean state has acquired extraordinary autonomy from societal forces, even those directly responsible for bringing the regime into being. Once-powerful *gremios*, like the truckers and the medical association, have had little say in the formulation and implementation of policies that affect their fundamental interests. Today, many of their members have openly identified with the opposition, and the truckers have formally backed the labor coalition responsible for calling the protests. Most professional associations and many business associations have elected officers identified with the opposition. Whatever corporatist tendencies existed in Chilean politics (and they were not very significant) have been dealt a severe blow by the openly antistatist and anticorporatist social and economic policies of the military regime. Ironically, these free-market policies were carried out by Chicago-trained economists (the "Chicago boys") with close ties to the *gremialista* group of the Catholic University. But it is a misreading of contemporary Chilean history to equate that "*gremialismo*" with corporatism.

While the regime is not fascist or corporatist, it is not purely a military government. Some of the most important figures of the regime have been civilians, although most had not played prominent political roles before the coup. While many military officers have occupied top government positions, with the exception of Pinochet himself and the members of the junta, few have been allowed to occupy positions of public prominence at the national level for extended periods of time. And military officers in government serve the government, not the military. They are subject to directives from their immediate government, civilian or military, and are not subject to the directives of their superiors in the military. In fact, the discipline in the Chilean military is such that military officers in government rarely discuss government policy questions with their counterparts in the military—either formally or informally. There are no forums at the highest levels of the armed forces where nonmilitary policy issues are debated in order to influence the government. Unlike other Latin American cases of bureaucrat-

ic-authoritarian rule, in Pinochet's Chile there is a strict separation between the military institution and the government it supports. The dictatorship is of the armed forces but not by the armed forces.

It is this reality that has given Pinochet so much power, and so much autonomy. As commander-in-chief of the army, a highly disciplined and hierarchical organization, he has vast authority over important institutional decisions, including promotion. At the same time, as head of state he relies on the armed forces for support, but he is not constrained by them in presiding over the government. With the adoption of the 1980 constitution, Pinochet could claim that his power derived directly from popular consent as enshrined in fundamental law. According to the constitution (the legitimacy of which is questioned by the opposition but not by the military and much of the Right), Pinochet's term extends until 1989, with a proviso that the junta can renew it for another eight years.

It is important, however, to add a qualifier to the above discussion. One should not exaggerate the degree of personal rule in Chile. Pinochet presides over a complex state, made up of many institutions and organs. Ministries have a great deal of autonomy on most matters within their jurisdiction so that the personal impact of the dictator on the day-to-day life and operation of state agencies is not very significant. The junta, though considerably weaker than the executive, is still the locus of legislative power, and Pinochet must come to terms with its prerogatives in making important decisions. The complexity of the historical Chilean state reduces arbitrary power, and the average citizen relates to his or her government for the mundane things of everyday life in largely the same way as before the advent of military rule. This contributes to the sense of routine "normality" that often characterizes authoritarian regimes and, paradoxically, helps to defuse opposition to the dictator.

Clearly, however, on major policy issues Pinochet is the key actor. Nowhere can this be appreciated more than in his decision to give free reign and continuous support to the economic planners of the Chicago school.

THE POLITICAL ECONOMY OF AUTHORITARIANISM

Free-market policies have defined the political economy of the Chilean regime, the second element in our regime characterization. Three reasons can be given for Pinochet's choice of the Chicago boys as the key economic and social planners of the regime. In the first place the Chicago boys, while recommended by anti-Communist elements on the Right, did not have a history of political activism and identification with the much-maligned political parties. They were independent technocrats with no strong ties to any particular constituency or interest group and served very much at the pleasure of the President. (They eventually formed their own pressure groups within the state bureaucracy and came to be identified

with the power of newly emerging financial conglomerates that benefited from their policies, and served as high-paying employers once the technocrats left public service.) This helped to insulate Pinochet from the political demands of the large, organized business organizations, increasing his autonomy and room for maneuver.

In the second place, the Chicago boys promised economic recovery and well-being with dazzling technocratic explanations, at which Pinochet himself marveled, and to which military officers increasingly oriented toward high technology weaponry and management systems could relate. Third and most important, the Chicago boys promised not only economic development, but economic development that would engender profound social and political ramifications. Their anticollectivist, anti-statist orientation fit in well with the antipolitics posture of the military. But the promise of development and modernization through private initiative went a step further: it held out the possibility that broad-scale transformations in society and polity would make completely obsolete the appeal of the groups, parties and ideologies of the old order.

For a time, the availability of vast quantities of imported consumer goods fueled by unprecedented foreign borrowing provided the illusion that economic formulas were indeed working, and were having the desired political effects. This reinforced the political standing of the Chicago boys and Pinochet's commitment to their policies of economic liberalism and privatization of welfare, pension funds and health care. A veritable orgy of consumption of imported goods seemed to turn people from all stations away from a preoccupation with some of the more unsavory qualities of the regime, although unemployment remained at record levels and domestic business and domestic agriculture continued to be buffeted by foreign competition.

It is very doubtful that increased well-being would have led to fundamental changes in Chile's political landscape and partisan attachment to historical parties and organizations. But whether or not this would have taken place soon became a moot point, as Chile's economy collapsed. The free-market policies led to a weakening of domestic industry while the enormous flow of foreign funds served to support imports, or were channeled by large conglomerates (encouraged by the government) into speculative activities or the conglomerates' own failing companies. Investment under the military government remained far below historical levels.

The collapse of several banks in November, 1981, marked the beginning of the end of the Chilean "miracle." In 1982 the gross national product (GNP) fell over 14 percent, compared to an average decline of 1 percent for the rest of Latin America. During 1983 and the first few months of 1984 the economy remained essentially

stagnant, with unemployment well over 25 percent. Like many other Latin American countries, Chile's recovery is severely constrained by the massive foreign debt and the austerity measures imposed by International Monetary Fund (IMF) agreements. The Chicago boys have seen their star fade with the Chilean economy, while conglomerate leaders have been jailed as the authorities seek scapegoats for the economic failure.

In sum, by the time of the first national protest, the economic model of the regime had suffered a severe setback. This aggravated the widespread discontent over the regime's authoritarian practices. Most organized groups in Chile, with the exception of the military itself, openly demanded either a fundamental change of direction or the overthrow of the regime.

THE PROSPECTS FOR REGIME CHANGE

While it is not totally inconceivable that Pinochet might resign from office in the face of majority opposition to his presidency, it is highly unlikely that he will do so. All indications are that he conceives of his role as a sacred mission, if not a calling from heaven.¹ The Argentine precedent, with prospects of arrest and trial for government actions and human rights violations, is undoubtedly very disturbing to him. If Pinochet is to leave his post before the end of his term, he will have to be forcibly removed from office. This would entail a successful popular uprising (which in turn would mean a collapse or defeat of the armed forces) or a military coup. Given the characteristics of the Chilean regime and of Chilean society, both options are highly unlikely.

At this juncture in Chilean history a popular uprising capable of defeating the armed forces or forcing the disintegration of the military is out of the question. The Chilean military does not consist of a personal national guard riddled with patronage and corruption. It is a highly professional, disciplined and cohesive institution with substantial military might.

At the same time, the protests are, today, a far cry from an insurrectionary movement. They are largely peaceful, though massive, demonstrations, lasting for circumscribed periods of time. The day after the monthly protests, most Chileans return to their daily chores and await the call for next month's protest. The attempt by the copper workers to institute a general strike with its potential for crippling the country failed completely in 1983. With unemployment hovering close to 30 percent, there is great reluctance on the part of those with jobs to take undue risks.

The protest movement has become more militant with the passing of time. Paradoxically, this may have diminished its overall effectiveness, rather than increased it. This is the case because large sectors of the lower middle and middle classes, which constitute a large percentage of the population in Chile, fear unrest and violence more than they oppose the government. Unless the protests become more militant, government forces can easily con-

¹See the extraordinary interview that Patricia Sethi conducted with Pinochet, published in full in *LASA Forum*, vol. 15, no. 2 (Summer, 1984).

trol them. If they become more militant, they will lose the necessary support of the middle sectors. Bombing incidents carried out by the extreme Left (or government security forces?) help to strengthen the government rather than undermine it.

Opposition leaders in Chile have no illusion that they will be able to defeat the regime militarily. They have consequently oriented their efforts at convincing the military services that the regime is no longer viable. Disorder and mass protests undermine Pinochet's credibility and the government's slogan that "Chile Advances in Peace and Order." Massive protests could eventually convince military officers that their own credibility as well as that of the government is at stake unless they remove Pinochet and initiate a transition process. That stage has not been reached.

Indeed, a strong argument can be made that militant protests only reinforce the military's determination not to violate its own legality. The constitution it is sworn to uphold is its constitution, and the government, its government. Military officers fear that a violation of that legality would only lead to political unrest or a hostile government that would undermine its institutional integrity. Military officers are intensely anti-Communist and worry that the pendulum could swing sharply to the left and threaten not only their considerable privileges but their own personal security and that of their families. Ironically, according to this interpretation, Pinochet may become more vulnerable to a military coup once the government is under less pressure and military officers believe that the regime is in a position to engineer a transition that gives them guarantees. And, indeed, he may be more vulnerable to removal by his fellow officers over comparatively trivial matters, such as disgust over mounting evidence of personal and family corruption, than over broad policy disagreements, or the actions of opposition forces.

In addition to the reluctance of the military to remove Pinochet while the regime is under duress, two other factors give Pinochet some breathing room. In the first place, while opposition elements have come a long way in 18 months, they still face substantial roadblocks to developing a coherent and concerted antiregime force. Individual parties are still in disarray. This is particularly true of the Socialist party, which continues to be deeply divided, with some elements siding with the Communist party and holding to the thesis that an insurrectionary strategy for overthrowing the regime should not be discarded. Other elements draw on the historic commitments of the Chilean Socialist party to democratic institutions and procedures, allying with the Christian Democrats in the Democratic Alliance. The alliance finds itself buffeted by the Communists and their allies on the Left, and elements of the Right that would like it to structure a transition to their liking.

The polarization of Chilean politics remains a serious obstacle to national dialogue, despite considerable progress in mending the wounds of the past. This cannot but

help the regime, which argues that partisan conflict would once again plunge Chile into chaos if Pinochet were removed from office.

Second, the Right and much of the business community, for all their protestations against the Chicago boys and their contempt for Pinochet, fear the consequences of a democratic government dominated by the Christian Democrats with strong leftist influence. They are intent on structuring a transition that favors their interests and, at this point, it appears that they see no way of doing it without Pinochet. They have, however, placed great pressure on a reluctant Pinochet to consider accelerating the transition process.

In fact, in an effort to stem the growing tide of opposition, Pinochet was prevailed upon by his advisers to appoint Sergio Onofre Jarpa, one of the founders of the conservative National party, to the post of minister of the interior in August, 1983. This was the first time that a major Cabinet post was held by a prominent political figure. Jarpa took the job with the intention of salvaging the regime by engineering a partial opening, including the legalization of all parties (except Marxist parties) and moving up the timetable for congressional elections.

Jarpa's appointment was greeted with very mixed feelings by opposition forces. The increasing severity of the protest movement had led many opposition leaders to hope that the military would be forced to remove Pinochet and return Chile to civilian rule. But the very talk of transition contributed to defusing the protest movement. Party leaders realized that if the government held early elections, it would regain the political initiative.

The Democratic Alliance reluctantly entered into talks with Jarpa, for fear it would be accused by broad sectors of the middle class of not wanting to accelerate the transition process. But by entering the talks, the Democratic Alliance also ran the risk of losing its legitimacy as a leader in opposition to sectors further on the Left that were skeptical of any overture from the regime. Indeed, the Communist party and segments of the Socialist party formed the Movimiento Democrático Popular (MDP, Democratic Popular Movement) to counter the Democratic Alliance move and to broaden its base among popular sectors. Caught in the middle were those socialists who supported the Democratic Alliance and had the same working class constituency that the Communist party appealed to.

It soon became clear that an agreement to structure a process that would accelerate the transition timetable envisioned in the 1980 constitution was illusory. The principal obstacle was Pinochet himself, who time after

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BOOK REVIEWS

ON LATIN AMERICA

By Mary M. Anderberg

Consulting Editor, *Current History*

THE GIANT'S RIVAL: THE USSR AND LATIN AMERICA. By Cole Blasier. (Pittsburgh, Pa.: University of Pittsburgh Press, 1983. 213 pages, tables, illustrations, appendixes, notes and index, \$14.95, cloth; \$7.95, paper.)

This study of the origins and nature of Soviet policies in Latin America also evaluates the United States response to political change in that region.

The author, a professor of political science and research professor of Latin American studies at the University of Pittsburgh, is a scholar of Latin American affairs and an experienced Sovietologist who has lived and worked in Yugoslavia, the Soviet Union and Poland, Chile, Mexico and Colombia. His book is based on extensive research conducted in the Soviet Union, primarily at the Institute of Latin America in Moscow, and on interviews with Latin American diplomats in Moscow and in Latin America.

Until 1970, the Soviet Union had little contact with Latin America outside of its diplomatic ties with Mexico, Uruguay and Argentina, and its client-state relationship with Cuba. Since then, the U.S.S.R. has established diplomatic relations with all the major Latin American countries and most of the smaller ones. The Soviet Union has increased its trade with Latin America tenfold, and Soviet naval ships and fishing vessels operate in the Caribbean, the South Atlantic and the Pacific waters along the coast of Central and South America.

Professor Blasier traces the development of Soviet economic, political and Communist party ties in the area and outlines the significance of the increased Soviet presence there. The Soviet Union's relationship with Latin America, particularly through its ties with Cuba, has made Soviet policies better known in the third world and has given increased legitimization to its claims as a superpower.

On the other hand, increased ties in Latin America have included costs and risks. The Soviet Union has a negative balance of trade with Latin America: Soviet hard currency purchases of agricultural products have not been matched by Latin American purchases of Soviet machinery. Cuba has proved both a political boon and an economic drain, with no apparent end to its costly dependence on Soviet aid. Finally, the Soviet Union must delicately balance its interests in Latin America with its relations with the United States.

Soviet leaders recognize that the area has a high priority for the United States and a low one for the U.S.S.R. They view the area as remote and strategically difficult. Professor Blasier believes that given the Soviet Union's limited resources and problems at home, it will be extremely cautious about making additional economic commitments in the area and will avoid strategic commitments to Cuba and other Latin American nations. He notes, "The symbol of this caution is the absence of Cuba from the Warsaw Pact and the absence of any formal Soviet military guarantee of Cuba."

Blasier is particularly critical of our policies of intervention to counteract revolutionary movements, policies that have frequently brought about the political development they were designed to avoid. He states:

The argument that in revolutionary situations the United States should counter Soviet interference by interference of its own is based on two false assumptions: first, that Moscow can create and control revolutions, and second, that the United States has the power and know-how to prevent them. The historical record does not support the validity of either assumption as a sound basis for policy.

LATIN AMERICA, ITS PROBLEMS AND ITS PROMISE. Edited by Jan Knippers Black. (Boulder, Col.: Westview Press, 1984. 549 pages, maps, tables, illustrations, notes, suggested readings, appendix and index, \$40.00, cloth; \$16.95, paper.)

Twenty-seven Latin American specialists have contributed articles to this introductory text for students of Latin American affairs. The first half of the study provides a profile of the geography, people, culture, history, economic and social structures, political processes and foreign relations of Latin America.

The essays in the second section of the book review historical and contemporary Mexico; Brazil from independence to 1964 and the Brazilian quest for a new social contract; the Cuban revolution; the structure of the modern conservative societies in the Caribbean; a comparative analysis of the political, social and economic developments in Venezuela, Colombia, and Ecuador; the contrasts of Bolivian and Peruvian history and development; the breakdown of democracy in Chile; development and decay in Argentina; and the historical and contemporary forces directing development in Uruguay and Paraguay.

In an introductory chapter, the editor reviews the common approaches and theories that scholars of Latin America have adopted in their analyses of Latin American problems of underdevelopment and political instability.

VENEZUELA: A CENTURY OF CHANGE. By *Judith Ewell*. (Stanford: Stanford University Press, 1984. 258 pages, map, notes, statistical tables, bibliography, glossary and index, \$22.50.)

"Venezuela has probably experienced the most drastic changes of any Latin American country in the twentieth century," Professor Ewell writes in the opening chapter of her history of the period. Her well-written study explores Venezuela's volatile politics and the dynamic economic and social changes that came about as the result of oil production and revenues.

Between 1922 and 1945, oil production grew dramatically and Venezuela became the first great exporter of petroleum and the world's second producer after the United States. The development of the oil fields and the infusion of foreigners to manage and work in the fields fomented both resentment and nationalistic feelings on the part of Venezuelans and gave rise to new political movements.

The country, however, was in the tight grip of the *caudillo* Juan Vicente Gómez. While Gómez frequently supported the oil companies against his own people, at the same time he manipulated and threatened the oil companies. Ewell gives a vivid account of his wily tactics and provides a lively description of Venezuelan society during the repressive dictatorship of Pérez Jiménez (1952–1958).

Following the downfall of Pérez Jiménez, Acción Democrática and Rómulo Betancourt dominated the Venezuelan political scene for the next quarter of a century. Ewell believes that "Much like the Mexican, Venezuela's 'democratic revolution' became institutionalized in a way which precluded radical social and economic change, but provided stability."

The Acción Democrática program aimed to establish political freedom and civil liberties; balance economic growth through state planning; improve health, education and welfare; obtain control of economic resources; and promote strong, independent institutions. Ewell assesses the degree of implementation of Betancourt's program and his successful accomplishments, which included achieving stronger control over petroleum production and marketing; improving agricultural production and substantially increasing the income of agricultural workers; effectively improving the quality of life for working-class and rural Venezuelans.

COLOMBIA: PORTRAIT OF UNITY AND DIVERSITY. By *Harvey F. Kline*. (Boulder, Col.: Westview Press, 1983. 168 pages, tables, figures, notes, bibliography, glossary and index, \$18.00.)

Professor Kline's portrait of Colombia outlines the diversity of the country's regions and peoples, its stratified society and restricted economy, the political conflicts—including eight civil wars—of its first century of independence, the introduction of coffee and

foreign investment and the changes they brought, the factionalism of Colombian politics in the first six decades of this century and the ravages of *La Violencia*. The present government, the dynamics of various contemporary social and political groups, Colombia's mixed economy, its development policies, and its relations with other countries are also analyzed.

THE POLITICS OF LATIN AMERICAN DEVELOPMENT. 2d ed. By *Gary W. Wynia*. (New York: Cambridge University Press, 1984. 318 pages, maps, tables, further reading, appendix and index, \$37.50, cloth; \$10.95, paper.)

Professor Wynia's introductory text for students of Latin American political affairs, originally published in 1978, has been rewritten and revised to include new material on the 1982 Brazilian elections, the rise and fall of Argentina's military, and the aftermath of the Nicaraguan revolution. Material on Mexico has also been expanded and fresh insights from recent scholarship in various areas have been incorporated.

BRAZIL: POLITICS IN A PATRIMONIAL SOCIETY. 3d ed. By *Riordan Roett*. (New York: Praeger Publishers, 1984. 218 pages, map, tables, notes and index, \$26.95, cloth; \$12.95, paper.)

In the third edition of his study of Brazil's patrimonial state and society, Roett has added material on the move toward *abertura* and the impact of the debt crisis, and new chapters on the economy and foreign policy.

THE POVERTY OF PROGRESS: LATIN AMERICA IN THE NINETEENTH CENTURY. By *E. Bradford Burns*. (Berkeley: University of California Press, 1984. 183 pages, maps, illustrations, notes, statistical tables, glossary and index, \$6.95.)

Burns's provocative reappraisal of Latin American modernization in the 19th century is now available in paperback. It was reviewed in *Current History*, February, 1982.

GOVERNANCE IN THE WESTERN HEMISPHERE. Edited by *Viron P. Vaky*. (New York: Praeger, 1984. 532 pages, tables and notes, \$39.95.)

This work is the result of a two-year study under the sponsorship of the Aspen Institute of Humanistic Studies on governance in the Western Hemisphere conducted by a group of diplomats, government officials of various states, international bankers and businessmen, and directors of international agencies. The study focused on two questions: Given the international and hemispheric setting of the 1980's, what are the major problems and requirements with which the region's nations will have to grapple? Which forms of "governance"—from formal institutions and arrangements to informal processes and patterns of cooperation—are most relevant and helpful?

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NEW DIRECTIONS IN COLOMBIA?

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decrease imports, certain goods were moved from the "free" list to the "previous license" list while some imports were completely prohibited. Likewise, incentives for exporters were raised, through increasing the coverage and amount of government tax credit certificates.

Yet some of the measures intended to assist the external balance damaged the internal balance between government expenditures and receipts. In some cases, fewer imports damaged Colombian industries that needed foreign inputs; in all cases, fewer imports decreased duties collected by the government. A government income tax reform in 1983 and a new value-added tax were simply not enough to cover expenditures. As a result, the Betancur government decreed across-the-board cuts in all government agencies; a requirement that parastatal enterprises with a surplus would have to return a proportion to the central government accounts; a job freeze, with anticipated salary increases to be less than inflation; and new government bonds, offered to the public at high interest rates. Yet these policies were not sufficient, and new *emisiones* (issues) of the Banco de la República totaled 200 billion pesos (nearly \$2 billion) in 1984.

As a result of the Betancur policies, during 1984 there was some reactivation of the economy. Industry, protected as it was before the bonanzas, is showing some signs of recuperation. Work on the North El Cerejón coal project (which the Colombian parastatal enterprise, CARBOCOL, is carrying out in a joint venture with a subsidiary of Exxon) has been accelerated, so that exports will begin in 1985. Yet they will contribute significantly to the commercial balance only in the latter years of this decade when the value is anticipated to reach \$1.5 billion a year. New petroleum discoveries make it possible to project not only self-sufficiency by 1986, but also to plan exports the following year. The Andean Pact "Decision 24" controls of foreign investment have been made less demanding, encouraging multinational corporation investment.

The Colombian government has been one of the few in Latin America to secure new loans during the last two years, although not in the amounts necessary to carry out Betancur's four year plan, *Cambio con Equidad*. At this writing, a debate has been going on for some 18 months about whether the country needs to approach the International Monetary Fund (IMF) for a standby loan, before renegotiating its foreign debt. Colombia could renegotiate without the loan from the IMF (and the concomitant austerity measures); or agreement could be reached with the IMF before renegotiation. In that case, new moneys might be available from the United States Export-Import Bank, the World Bank, the Inter-

American Development Bank, and the private banks. One group argues that this should have been done a year or so ago, when the Colombian bargaining position was stronger, while the other argues that now is the time to approach the IMF.

According to an IMF study, as reported by economic columnists in the Bogotá press in October, 1984, an IMF-guided debt renegotiation would probably include several requirements. One would be "close vigilance of the exchange rate, given the seriousness of the balance of payments problems that the country faces and the magnitude of the adjustments which are needed." Another would be measures to decrease the "excess demand" within the economy. Policies in this area would include a reduction in public expenditures (presumably including those having to do with the reconstruction of the guerrilla-affected areas) and salary control, including salaries in the public sector, "which will have a fundamental importance in the solution of the fiscal deficit." But it is also clear that the cost-of-living increments decreed by the government at the beginning of each calendar year for the entire country should be "moderate," perhaps meaning less than the previous year's inflation rate.

It seems clear that 1985 will be a bad year economically for Colombia, whether or not it experiences an IMF austerity program. It is ironic that the Betancur officials, although they are not "Chicago Boys," are now most concerned with monetary matters; seldom if ever making statements that indicate dissatisfaction with the fact that the "good years" will return with the export of coal and petroleum, with little or no value added for the country.

NEW DIRECTIONS?

What can be said about the possible new directions in Colombia? The change of economic policy, while new compared to the Liberal policy, is old in the context of Colombian history. That pattern has been one of high tariff barriers during balance-of-trade difficulties and low tariffs during "bonanzas."⁹ The pattern is being repeated. Rumors of military coups d'état are not "new" in Colombia, although a coup would be. While public opinion polls indicate that Betancur's personal popularity is at the lowest point of his presidency, it seems unlikely that this unpopularity will be translated into a military government. The Contadora initiatives are new in Colombian history, but they do nothing to solve domestic problems.

If new directions are taken, they seem most likely in relation to the drug trade and the guerrillas. It seems improbable that the drug trade will be tolerated as it was in the past. The really uncertain question, however, is whether the truces with the guerrillas will work. Success will depend on a combination of the regime's willingness to redistribute goods, especially land, and the availability of money to put into rehabilitation programs. The former has been lacking in the past, while the latter simply does not exist at present. ■

⁹Alfredo Fuentes Hernández and Ricardo Villaveces Pardo, "La Liberación Actual de Importaciones y su Perspectiva Histórica," *Coyuntura Económica*, no. 6 (June, 1976).

ECUADOR

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vuelta, he might have pressed his mandate for unchallenged economic orthodoxy.⁶ With his ultimate election only after difficulty—accompanied by the Center-Left victory in congressional contests—the new President had somewhat less room for maneuver. By inauguration day, the foreign debt had reached \$6.85 billion, accompanied by an annual service payment of \$1.8 billion. The inflation rate had come down from 60 percent at the close of 1983, but still stood around 35 percent. In short, the new President was confronted by economic and political difficulties destined to test his mettle.

THE NEW GOVERNMENT

Born in 1931 in Guayaquil, Febres Cordero was educated in the United States, where he received his degree in mechanical engineering. Returning home in 1953, he rose as a manager and entrepreneur who was affiliated with many of the major coastal enterprises. His prominence was enhanced through the presidency of the Association of Latin American Industries. At home, he had gained political prominence as a fiery critic of reformist policies. The Roldós and Hurtado governments were his major targets, and his attacks not only forced ministerial resignations and policy adjustments, but projected Febres Cordero to the forefront of conservative political leadership. As the 1984 elections neared, there was no one to rival his ascendancy. Nor was there serious doubt as to the identity or ideas of his principal economic advisers.

In addition to Vice President Blasco Peñaherrera, the team included Francisco Swett, Carlos Julio Emanuel, Xavier Neira and Alberto Dahik. Swett, a Guayaquil economist and veteran of both the World Bank and the Inter-American Development Bank, was a political independent who was tapped as minister of finance. Another independent economist, Xavier Neira, was a former president of the Quito Chamber of Commerce who had directed Febres Cordero's campaign finances. He became minister of industry, commerce and integration. Emanuel was a former IMF adviser, more recently the vice president of the Banco del Pacífico, who was appointed president of the Central Bank. Alberto Dahik Garzozi, an economic consultant and technician par excellence, became Febres Cordero's personal adviser.

The new Cabinet thus was representative of Guayaquil business circles, although Quito was not without its own spokesmen. The new President himself had numbered the presidency of the Guayaquil Chamber of Industry as one of his previous posts. Banking interests found expression not only in Emanuel; Marcel Laniado of the Banco del Pacífico was appointed minister of agriculture. Still another industrialist, Mario Rivadeneira Sáenz, was

designated ambassador to the United States. Overall, the new President had put together an administration that drew on the nation's cohort of orthodox economists and technicians, Guayaquil businessmen, and industrialists who echoed Febres Cordero's call for efficient, business-like government management.

Beyond his commitment to sound and efficient management of the state, Febres Cordero can be expected to concentrate first on a reactivation of the economy through greater reliance on private enterprise. Credit is to be managed as a means of stimulating growth, while protectionist measures are removed and prices seek their natural level. The basic desire to decontrol the economy will not be pursued immediately, given the President's desire to break the bonds of stagnation. Certainly an influx of foreign funds and a renegotiation of foreign debt arrangements will be very useful. The President cannot forget the campaign promise of "bread, roofs, and work." Early appearances suggest that Febres Cordero will postpone a serious attack on inflation until the latter part of his term. As he told interviewers while discussing housing promises three days before his inauguration:

it may be that this type of program is inflationary and might be considered a subsidy, . . . but we have to be realistic. We have to help the poor somehow to have their own roofs.⁷

In forming his Cabinet, Febres Cordero indicated his relative indifference to political parties and partisan loyalties. This further underlined his determination to give the economy the highest priority. Only four appointees were avowed leaders of parties that had supported the FRN, representing Liberals, Conservatives, and Social Christians. The key position of government minister was assigned to Luis Robles Plaza. In an earlier political incarnation he had been a controversial Guayaquil mayor and a leading figure within the CFP. For the last two decades he had worked and lived primarily in Quito, free of party affiliation.

In his dealings with Congress, however, Febres Cordero faces a potential source of great difficulty. Of the 71 members, only 16 were unquestioned supporters of the Frente. The Center-Left bloc dominated by the Izquierda Democrática promises to offer consistent opposition to the government. The ID itself holds 24 deputies. They provide the core for an informal Frente Progresista (FP), which includes the DP, PD, and PRE. The Marxists have also joined the FP, at least for purposes of organizing Ecuador's unicameral legislature. The 6 deputies of the latter cannot be regarded as automatically joining the ID coalition on all issues. Along with the 13 deputies from the CFP and FRA, they are more inclined to approach a given vote on political factors and the merits of the issue.

Only with difficulty did the FP elect the ID's Raúl Baca Carbo as president, after which the PD's Carlos Feraud Blum became vice president of Congress. Both votes were marked by the opportunism so characteristic of Ecuador's parties. For the longer run, the lack of anything

⁶The point is elaborated by *Weekly Analysis* (Guayaquil), July 6, 1984, p. 296.

⁷Quoted August 7, 1984.

approaching a pro-government majority was striking; Febres Cordero would be unable to count on more than 22 to 24 sure votes on controversial measures. Critics might term this poetic justice, since Febres Cordero the parliamentarian (from 1979–1984) had been fiercely disruptive toward both Roldós and Hurtado.

In his first address, the new President referred to himself as by nature a legislator, promising to consult Congress regularly. However, political reality soon took hold. The entire fall session of Congress turned on partisan conflict over the naming of a new Supreme Court. The Frente Progresista rammed through nine new justices, while the opposition relied on fisticuffs and an eventual walkout to block the process. León Febres promptly declared the selection unconstitutional. In early October the previous Court was continuing to meet in the Palace of Justice, defended by government troops who denied entry to those chosen by Congress. Finally, on October 17, Febres Cordero and Baca Carbo met, agreeing on a four-member commission to seek a solution to the executive-legislative clash. However, the ferocious partisanship and irrational rejection of compromise scarcely bode well for the remainder of the term.

With the constitutional term of office already shortened from five to four years, interest in the 1988 race is sharp. The inclination to carry partisan politics to extremes remains integral to the dynamics of Ecuadorean politics. León Febres Cordero himself is both impatient and impetuous. His election was a testimony more to his personality than to his economic philosophy. In the light of political conditions and the continuing economic crisis, the challenges confronting the government are imposing. Febres Cordero remains dedicated to his economic approach, which has been less than successful in recent and contemporary Latin American experience.

Meanwhile, Ecuadorean democracy remains at issue. At best, the next four years are likely to be politically stormy and economically difficult, while the traditional Right tries to impose its perspectives and policies on a divided nation. ■

DEMOCRACY IN ARGENTINA

(Continued from page 56)

other issue, but Caputo made sovereignty his priority, arguing that unless the British addressed the matter, Alfonsín could not sell the idea of negotiation to the Argentine public. Once again, British Prime Minister Margaret Thatcher would have none of it, still convinced that Argentina must accept its losses, must declare the war over and must accept British terms for the islands' indefinite English occupancy. Argentines in the Foreign Ministry believe that no real progress will be made on the

issue until Thatcher is replaced as head of the British government.

Almost unnoticed was Alfonsín's handling of the nuclear issue, a matter of importance to the country and to other nations who are preoccupied with the possibility of weapons development in the region. Argentina's recent mastery of the uranium enrichment process is an achievement of note and a source of pride to nationalists. This success does not mean that weapons will be created; and Alfonsín has adamantly stated, as did all his predecessors, that Argentina has no intention of developing its own bomb. Argentina's leaders claim to recognize the consequences of doing so, especially the probability that Brazil and Chile would be encouraged to do the same, and that British use of nuclear weapons against Argentina might then be "justified" if another conflict arose.

The enrichment plant was built not for weapons development, the world was told, but in response to the 1978 United States cutoff of enriched uranium for Argentina's research reactors, which are used to produce radioisotopes for medicine and agriculture, and to enable Argentina to supply research reactors to other countries. However, Argentina has operating uranium mines, mills, purification plants, fuel fabrication facilities, three nuclear reactors for power supply, a capacity for reprocessing and enrichment, and a proven nuclear engineering capacity. And whether Argentina restrains itself is a political decision to be made by civilians and military officers.⁴

Alfonsín is trying to seize control of nuclear policy from the armed forces. He replaced Admiral Castro Madero, for almost two decades the director of the National Atomic Energy Commission, with civilian engineer Alberto Constantini, and he appointed a special commission to prepare a long-range nuclear plan to guide his decisions. Moreover, he is currently considering reductions in the very large nuclear budget, but in this project he is already encountering opposition from Peronist deputies and military officers.

At the same time, Foreign Minister Dante Caputo has indicated that Argentina might be ready at last to ratify the regional Tlatelolco Treaty (1967) and the international Nuclear Nonproliferation Treaty (1968).^{*} However, he insists that within the treaties Argentina must be allowed to detonate peaceful nuclear explosions as part of its research program, although the regulatory International Atomic Energy Commission considers detonation nonnegotiable. Alfonsín is said to favor ratification without these exceptions but cannot take this position publicly so long as there are strong Peronist objections to such "selling out" on the issue. Consequently, it is doubtful that Argentina will make a serious move toward ratification for the time being. Senate approval of the new Beagle Channel treaty and a popular resolution of the Falklands/Malvinas dispute would improve the prospects of Alfonsín's success on the nuclear nonproliferation issue, but until then his timidity will persist.

Argentines rejoiced in liberty during 1984, no small

^{*}Editor's note: For more information see George H. Quester, "Nuclear Proliferation in Latin America," *Current History*, February, 1982.

⁴Leonard S. Spector, *Nuclear Proliferation Today* (New York: Vintage Books, 1984), pp. 219–228.

accomplishment after so many years of violence and repression. Newspaper editors wrote what they wished; books that had been kept out of print were finally on sale; and hundreds of people returned from exile. Nineteen eighty-four was also a year of introspection, as people examined their conduct over the past decade, trying to come to terms with the government's unprecedented brutality. But above all, 1984 was a year of peace. Today, attempts are being made to relearn the ethics of constitutional democracy, an exercise still far from completion and one that is threatened by measures taken to deal with the country's current economic malaise.

Congressional elections are scheduled for October, 1985. Radicals and Peronists expect to lose some seats to smaller parties on the Left and the Right as voters express their natural preferences now that they do not have to pick from one of two leading presidential candidates. The effect will not necessarily be harmful, because politicians belonging to the minor parties are familiar with the democratic process and have expressed their intent to respect it. However, more legislative coalition-building and the containment of bitter partisanship will be required, and this has never come easily to the country's politicians. What matters most, of course, is whether Alfonsín's personal authority will continue to be as strong after the execution of his stabilization program as it is today. If he remains popular, legislators will have to respect him, but if his popularity declines substantially, so will his opportunity to create a more stable democratic government. ■

UNITED STATES POLICY

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agenda, therefore, is both an opportunity for United States policy and a potential trap, particularly if there is another wave of military regimes and if United States diplomats have not planned for such a contingency.

ADMINISTRATION POLICY

In dealing with South American countries, United States policy has been considerably more flexible, prudent and moderate than might have been expected, given some early administration statements. Moreover, there has been considerably more continuity between the administrations of Jimmy Carter and Ronald Reagan, particularly in South America, than rhetorical statements and election campaign posturing might indicate. Eventually, the pragmatists, the centrists, and the professionals dominate policy, particularly on a day-to-day basis and in noncrisis areas.

United States policy has faced a crisis in Central America and the Caribbean, not in South America. For this reason, while Central America and the Caribbean have been dealt with at the highest levels of the United States government, relations with the South American countries have been handled for the most part at lower levels in the foreign policy bureaucracies by career professionals. South Americans (and many students of Latin America

in the United States) sometimes lament the lack of attention at high levels that their part of the world has received. This may be a blessing in disguise, because it places United States-South American relations on a professional, regular, mature and normal basis. Obviously there are gaffes, misunderstandings and real differences. But at rather quiet and everyday levels, United States relations with the major South American nations may finally have reached a level of maturity similar to United States relations with the countries of West Europe.

It is likely that most aspects of United States-South American relations will continue on this pragmatic basis in President Reagan's second term. In its dealings with the South American nations, the United States has shown itself flexible and realistic. The United States can apparently get along with a variety of regimes, including one (Bolivia) with Communists in the Cabinet. There is support for democratic openings (in Brazil), for social democratic regimes (in Argentina), for less cozying up to military regimes than seemed to be the prospect in the early months of the administration. Overall, there is a greater sense of moderation and willingness to maintain normal relations with regimes of fairly diverse stripes.

Yet at the same time there is a chance for a scrambling of this new and more stable picture. There is great uncertainty ahead in countries like Argentina, Bolivia, Brazil, Chile, Ecuador, Paraguay, Peru and Uruguay, to say nothing of Guyana and Suriname, those troublesome outposts on the South American continent not dealt with here. A new wave of coups and human rights violations would surely set off another round of recriminations and conflict. The economic situation remains precarious, and economic crises in Latin America have long been closely associated with political upheaval. Poverty, underdevelopment, inferiority, deprivation, bitterness, immense social gaps and anti-Americanism remain.

Every American President and his advisers hope that when and if trouble comes, it happens in the next administration. So far, our comparative neglect of and lower-level dealings with South America have produced not altogether unhappy results, but beneath the surface calm the stability of these various countries remains precarious. Future United States-South American relations are similarly uncertain; but if the "mature relationship" analyzed here continues and is strengthened, there is a possibility that United States-South American relations can at last be grounded more soundly. ■

BOLIVIA

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one point going on a hunger strike to protest the demands of the opposition and finally calling it off when the opposition modified its demands.

PROBLEMS WITH THE MILITARY

President Hernán Siles's problems with the armed forces have been even more complicated than his difficul-

ties with organized labor. The President tried to achieve at least two objectives with regard to the army. One was to assure civilian control over the armed forces; the other was to bring to justice those who had abused their power during the period of military rule, particularly those who had been involved in the drug trade.

President Siles tried to cooperate with the United States government in its drive against the international drug traffic. This probably explains the limited but definite support the administration of President Ronald Reagan has given to the Siles regime, in spite of the Reagan administration's general tendency to favor "authoritarian" governments in Latin America as a supposed protection against "totalitarian" governments. Although the United States sent only a low-level delegation to the inauguration of President Siles in October, 1982, it has indicated its support of the Siles regime on several subsequent occasions.

However, the Siles regime continues to be threatened by a military coup; on June 30, 1984, the President was kidnapped by elements of the armed forces and was held for the better part of a day. However, he was finally released.

Subsequent investigation showed that those who had been involved in the kidnapping were members of the select force specially trained by United States agents to deal with drug smugglers. It was also disclosed that United States Ambassador Edwin Corr had played a key role in bringing about President Siles's release. Ambassador Corr had earlier received anonymous threats of death because of his cooperation with the Siles regime in its campaign against the drug smugglers.

CONCLUSION

The inauguration of President Hernán Siles in October, 1982, was certainly an advance for democracy in Bolivia, but it is by no means clear that democratic government has been definitively established in that country. Bolivia's history is one of succeeding dictatorships, most of them controlled by the military.

Furthermore, any regime, democratic or otherwise, will face problems bordering on the insoluble. These include the full incorporation of the Indians into the economy, society and polity of the country; the full development of the nation's agricultural and mineral resources, and the expansion of manufacturing to serve the needs of the national economy and to provide some products for export.

There is little tradition of political democracy in Bolivia. In the early decades of the twentieth century, some Bolivian administrations provided a degree of civil liberties, although participation in elections was limited to those who could read and write. The governments of the Movimiento Nacionalista Revolucionario between 1952 and 1964 provided substantial civil liberties and held elections in which all adult citizens were allowed to participate.

However, the period of MNR government was followed by 18 years of military rule, during which both civil liberties and popular participation were severely limited. The reestablishment of an elected government and more or less full civil liberties has a fragile basis, because of the country's history and the very critical problems faced by the democratic regime. ■

URUGUAY

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The next month Wilson Ferreira Aldunate flew to Buenos Aires, and from there returned to Montevideo to an enthusiastic reception. He was promptly arrested and held in detention by the military. Within a few weeks another general strike was called, endorsed by the labor movement and by university organizations, as well as by the leaders of the Colorados, Blancos, Civic Union and Frente Amplio. With the election only five months away, the military-civilian confrontation had reached an extraordinary intensity.

Almost as if the entire scenario had been planned by the civilian politicians, the confrontation began to subside. Ferreira Aldunate, whose candidacy and return to Uruguay after 11 years in exile had provoked the latest round of conflicts, announced that he would withdraw as a presidential candidate and urged a compromise between military and civilian leaders. Some Blanco leaders at first rejected Ferreira Aldunate's resignation, but finally nominated Alberto Sáenz de Zumarán, a journalist and advocate of human rights, for the presidency. Sáenz de Zumarán in turn announced that if he were elected he would serve only as a caretaker President and that a second presidential election would be promptly held to allow Ferreira Aldunate to run and, presumably, be elected. Sanguinetti and Tarigo, the Colorado candidates, would oppose him, as would Juan Vicente Chiariño for the Civic Union and Juan Crottogini for the Frente Amplio. Ferreira Aldunate again called for moderation and restraint from his supporters. His actions ultimately facilitated an agreement between party leaders and the military that would allow the 1984 elections to be held.

Specifically, the military agreed to release many political prisoners, including party leaders, and to lift most restrictions on political activities and the press. In return, party leaders agreed to protect the military's position as an institution and to respect their general if not total immunity from prosecution by a civilian regime. The four presidential candidates also signed an agreement to protect foreign currency deposits in the nation, in effect accepting one of the military's central economic policies. The issue of a new constitution was resolved by compromise. Military and party leaders agreed that after the national elections the new legislature would function as a constituent assembly—providing a constitution that would probably be no more than a revision of the 1967 document—and would then subsequently convert itself into a legislature. By the time these agreements were

reached, only two months remained before the elections.

The alternatives to holding elections were dangerous and unattractive to the military. The elections could have been postponed, but this would increase public hostility and would probably divide the military. The military could have risked a Blanco boycott, but without the party's participation the elections would have lacked credibility. The military could also have announced its intention to remain in power until the political parties agreed to its demands, but by late 1984 this was the least viable option.

THE ELECTIONS

By comparison with the preceding events, the campaign and election were almost anticlimatic, with little time for the candidates and parties to generate significant issues. Much of the campaign centered on the past, the Blancos and the Frente Amplio calling for a general amnesty for all political prisoners, the Colorados wanting to exclude revolutionaries arrested before the 1973 coup. All three groups pledged to cooperate in rebuilding democratic government in Uruguay and to seek a solution to the worsening economic conditions. By the time of the election, economic conditions had further deteriorated, producing high unemployment, economic stagnation and increased signs of deprivation and poverty. The major parties agreed that if human rights violations were going to be pressed against military officers after the election, the action should be taken by the injured individuals and their relatives rather than by a new civilian regime.

The voting procedures used in the election were essentially the familiar methods used in the last election in 1971, a complex system of proportional representation that allowed several minor candidates as well as the two principal candidates to run on the Colorado and Blanco ballots. Voting is mandatory in Uruguay, and more than 90 percent of the nation's 2.2 million voters cast ballots in over 7,000 polling stations around the country. The electoral exercise was cause for national celebration, and the enthusiasm poured out into the streets of Montevideo. About 600,000 younger Uruguayans voted for the first time. Some violence was reported when youthful supporters of the three major parties clashed during demonstrations against the military rule and against each other.

The results of the election produced few surprises. Sanguinetti led the Colorado party to another victory, but he failed to receive a majority of the vote; the Blancos came in second, and the Frente Amplio third; the latter, however, polled very strongly in the capital city. The voting, which gave the Colorados 39 percent, the Blancos 33 percent, and the Frente Amplio 21 percent of the vote, also failed to give any party a majority in the legislature.

⁴It is interesting to note that the 39 percent of the vote received by the Colorado party was exactly the same percentage it received in 1971. The Blanco party received 29 percent in 1971, 4 percent less than 1984. It is astonishing how little changed in party politics in 13 years.

But the party balances for once seemed less important than the fact that elections had been held and that an end to military rule was in sight, assuming that the new government would actually take power on March 1, 1985.⁴

The future of Uruguay's new civilian regime is unclear. Important questions of amnesty and the full restoration of political rights remain. The future role of the military and military-civilian relations in general are less than clearly defined. Any legislative action will require cooperation between the major parties and their factions. The economic plight of the country will not be easily solved. Moreover, unsatisfied demands have evolved over the past decade of austerity, demands that will generate new pressure on the regime to reverse many of the military government's policies and reinstate the extensive benefits and services previously provided by the government. These pressures will further exacerbate the economic problems facing the new regime. But with the civilian politicians winning most if not all their confrontations with the military, the process of restoring democratic rule in Uruguay is at last in motion. ■

BRAZIL

(Continued from page 64)

Brazil's debt problem has nothing to do with its economic policies. Rising protectionism in the United States, Europe and Japan has restricted access for Brazilian manufactured goods like steel and shoes. The consequent social costs to Brazil are devastatingly high. Except for those who make under three minimum salaries, or about \$130 per month, everyone has lost. The bedrock of the middle class—those who make between 15 and 25 minimum salaries, or between \$630 and \$1,240—are now taking home only half their 1979 pay.²¹ One would do well to remember that it was a disenchanted middle class that deserted the Goulart government en masse in 1964 to support the military coup.

A REQUIEM TO AUTHORITARIANISM

During Thanksgiving week, the 13 four-star generals who make up the army high command made a major decision that pushed Tancredo Neves an inch closer to the presidency: they removed General Newton Araujo de Oliveira e Cruz from the Planalto Command (federal district), one of the key posts of the armed forces, and appointed him deputy director of the army personnel department, effective January 9, 1985.²² This decision to deprive one of the most conservative and reactionary generals of a troop command a week before the electoral college met assured Neves that the armed forces were willing to clear the last roadblock to the presidency.

Within a week, Tancredo Neves met with the army minister and reassured him that there would not be an Argentinian-style retribution (*revanchismo*) against the

²¹*Jornal do Brasil*, July 28, 1984.

²²*Veja*, November 28, 1984.

generals. He even asked the minister to stay on in his Cabinet, in the event that "he" won the election. Minister of the Army Walter Pires declared in public that "the army remains firmly disposed to support the abertura project of President Figueiredo, which will be further consolidated with the election of the future President of the Republic." Pires continued:

the nation, which has always counted on the armed forces in decisive moments of its history, can trust that its desire to preserve democratic institutions will be fully honored.²³

The military and the opposition candidate had struck a workable deal, thus performing the requiem mass for the 20 years of military-dominated authoritarian rule.

After his meetings with the military, Neves made a pre-inauguration speech in Vitoria, Espirito Santo, in which he behaved more like a President-elect, according to the press. In his talk, he unveiled his plans for a "new republic," designed to strengthen legislative powers, respect local and regional authorities, and scale-down the "all powerful" federal presidency. He praised the armed forces as the "indissoluble" pillar of the republic, called for a constituent assembly in 1986, and declared that there was no room for "radicalism" and "aggression" in his government. He also paid homage to Figueiredo, referring to him as a latter-day Emperor Dom Pedro II, who was the true founder of the republic. Such an analogy was not mere lip service; it was in fact a public demonstration, burying one era and midwifing another.

Neves's conservative outlook as well as his supercautious approach to government did not please everyone; his leftist chief of economic advisers, Dercio Munhoz, believes that Neves has already made too many ideological concessions. The other economic advisers, drawn from a wide range of friends from the 1950's and 1960's and from the defunct Popular party, display a similar lack of internal agreement and coherence. Among their number are conservatives Walther Moreira Salles, Goulart's finance minister and now president of Unibanco, and Olavo Setubal, former mayor of Sao Paulo and current president of Itau Bank, as well as leftist Celso Furtado, Goulart's planning minister. While all factions accepted a self-imposed silence to avoid disintegration, Tancredo Neves was able to commit himself, unilaterally, to honoring all promises made to the IMF and international bankers by the Figueiredo administration.

Unlike Argentina, Chile and Uruguay, the military in Brazil has kept Congress open, except for a few closings, and has "shared" power with carefully groomed civilian politicians. This moderate approach to corporatist authoritarianism should offer tangible trade-offs over the years to come. By allowing civilian politicians access to the center of power, the military preempted future retaliation by an elected regime, excepting a victory by such leftists as Leonel Brizola or Lula. So long as the next President succeeds in convincing the military that he will

not deliver the government to the radical Left, his rule should be stable.

It is not likely that there will be a confrontation between the military "corporation" and civil society in Brazil. Potential conflict in Brazilian politics will come not from redefining civil-military relations but rather from a failure to bring the enormous external debt under control, to revive the depressed economy, and to institute a host of democratic reforms. A stubborn United States government refusal to help Brazil find a political solution to the debt issue, too incessant a leftist demand for reform and unrealistic social spending, or an anti-military purge could bring about economic and social chaos.

Unlike the case of Argentina, the redemocratization of Brazil has not entailed the decimation of the military. The toughest job Brazil's new President faces is how not to lead the country back to a pre-1964 impasse. If he is successful, Brazil will avoid the return of the generals to power, will resist a drift to the left, and will move toward economic recovery. ■

BOOK REVIEWS

(Continued from page 82)

The committee's report and a series of 19 articles commissioned by the committee are included in this volume. The articles cover a wide range of topics including political relations, the debt problem, collective security, arms acquisition, human rights, unemployment, science and technology, and industrial policy.

ALSO ON LATIN AMERICA

COFFEE AND CAPITALISM IN THE VENEZUELAN ANDES. *By William Roseberry.* (Austin, Tex.: University of Texas Press, 1984. 256 pages, figures, tables, notes, appendix, bibliography and index, \$22.50.)

CUT STONES AND CROSSROADS: A JOURNEY IN THE TWO WORLDS OF PERU. *By Ronald Wright.* (New York: The Viking Press, 1984. 238 pages, maps, illustrations, chronology, glossary, source notes, bibliography, discography and index, \$20.00.) ■

CHILE

(Continued from page 80)

time contradicted Jarpa's efforts. Jarpa soon turned away from his early objectives (finding a formula for a political transition) to the narrower objective of persuading Pinochet to solve the immediate problems of Chile's business groups, which were clamoring for relief from economic crisis. Not until April, 1983, was Pinochet willing to remove the last of the Chicago boys from the pivotal Ministry of Finance. Jarpa seemed convinced that, with a team that would help assuage discontent in business circles and bring the economy back to life, he would be

²³*Ibid.*

able to keep the Right on the side of the government and defuse any lingering opposition to the regime.

But the protest movement did not disappear. On the contrary, the partial opening provided by Jarpa's ambiguous policy led to the birth and rebirth of political groups spanning the ideological spectrum, anxious to stake out a place for future electoral contests. And all opposition parties made headway in organizing support at every level of Chilean society. The MDP increased its effectiveness in working class neighborhoods, while all parties made inroads in the increasingly politicized student movement.

In October, 1984, MDP-sponsored protests escalated in intensity, and much of the country came to a standstill in a one-day work stoppage. To the chagrin of the authorities, elements of the small-business community and of the country's transportation infrastructure also ceased operation—either supporting the protests or fearing reprisals. And in the same month the University of Chile student body held the first free elections since the coup of September 11, 1973.

The results were a further shock to the government. Opposition forces won over two-thirds of the vote in a university that had been repeatedly purged of dissenting faculty and students and had been administered for over a decade by a military rector directly appointed by Pinochet. The Christian Democrats obtained 33 percent of the vote, followed by the Communist party with 17 percent, shattering Pinochet's illusions that the underlying partisan division of Chilean society had been washed away by the longest lasting government in Chilean history.

Pinochet's reaction was further to foreclose any chance that he might leave office before 1989 or that elections for a Congress would be held before that date. In several speeches and commentaries, he again contradicted his own minister of the interior's assertions that the government was seeking an early formula for transition. This proved too much for Jarpa, who submitted his resignation to Pinochet in early November. Jarpa, however, came under great pressure from members of the military junta and other government officials to stay on. Jarpa could give some guarantees that the state of siege would not involve massive repression; as minister of the interior, he must approve all detentions and relocations (internal exile). In return for staying on, Jarpa received assurances that his economic team would not be replaced.

There is no evidence, however, that Pinochet agreed to further consideration of a political opening. Indeed, the success of the state of siege in its initial month strengthened the hard-liners in the government, who have argued for tougher measures against the Communist party and the opposition in general. The move against the Socialist bloc is particularly significant. By hitting hard at moderate leftists, the government is clearly cutting down those sectors able and willing to serve as interlocutors for a broad agreement. Indeed, in late November, Senator

Francisco Bulnes, one of the most prominent figures of Chile's political Right, resigned from the Council of State because of direct criticism from the government and Pinochet of his willingness to talk to moderate socialists.

What is ominous about the Chilean situation is that once again the moderate forces of the center are being outstripped by political extremists. The attack on the Socialist bloc not only makes it more difficult for the Right to reach an understanding with the Left for a political opening—it strengthens those in the Communist party who are bent on a longer-term strategy of instituting an insurrectionary movement to overthrow the regime. It is these people who have argued that reconciliation is out of the question.

Both Pinochet and the insurrectionary wing of the Communist party seem to be engaged in a self-fulfilling prophecy. Both argue that a middle solution is impossible and dangerous for their own interest. Both are convinced that the adversary can easily be defeated over the long term. Both, in the escalating logic of confrontation, are severely undermining those center forces that offer the only real solution to the country's problems and have prevented Chile, so far, from becoming another Nicaragua.

In addition, any hope that a dramatic improvement in the economic situation would take the sting out of the protest movement was dashed by a sharp downturn in economic activity in the last quarter of 1984. Economists predict that Chile may have negative growth in 1985, aggravating an economic picture that includes an unemployment rate of 25 percent and an inflation rate of close to 30 percent—with much of the nation's industrial infrastructure in bankruptcy.

Authoritarian regimes are by definition arbitrary and highly unstable. Domestic and international developments have added to the pressures on the Chilean regime, which has limited its own extrication strategy by locking itself into the lengthy transition envisioned by the 1980 constitution. The irony about the Chilean situation is that the longer the transition, the less likely the prospect for an outcome that will favor the establishment of a stable democracy. Even some on the Right now realize that an early transition will give them better protection. And broad sectors of the opposition, including important elements of the Communist party, fear the consequences of a situation that might escalate into insurrection and civil war.

Predictions of the early demise of the Pinochet regime are premature. The very logic of confrontation with increasingly radicalized elements of the opposition strengthens the regime while it reduces the prospects for transition. A viable solution to the country's problems requires an extraordinary effort on the part of elements from all sectors of Chilean society, including key figures in the military. Given the characteristics of the Chilean regime and the nature of confrontational politics in Chile, such an effort has so far proved elusive. ■

THE MONTH IN REVIEW

A Current History chronology covering the most important events of December, 1984, to provide a day-by-day summary of world affairs.

INTERNATIONAL

European Economic Community (EEC)

- Dec. 3—EEC leaders meet in Dublin, Ireland.
Dec. 4—Greece threatens to veto the admission of Spain and Portugal to the EEC unless the EEC agrees to pay \$5 billion a year in aid to Greek and Italian farmers over the next five years.
Dec. 28—EEC members agree to limit their exports of steel tubes and pipes to the U.S. to 7.6 percent of U.S. production.

International Monetary Fund (IMF)

(See *Argentina*)

Iran-Iraq War

- Dec. 3—For the 1st time in 6 weeks, an Iraqi warplane fires a rocket into a ship in the Persian Gulf.
Dec. 9—An Iraqi plane attacks a tanker in the Gulf; damage is reported to be minor.
Dec. 15—2 crew members of a Greek-owned tanker are killed when Iraqi planes attack the ship in the Gulf; 2 other tankers have been attacked in the last 2 days by Iraqi planes.
Dec. 21—2 tankers are attacked by Iraqi planes.
Dec. 26—Iranian planes attack a Spanish tanker in the Gulf; it is the 2d attack by Iranian planes in 2 days.
Dec. 30—The official Iranian press agency reports that Iraqi planes attacked a village near Iran's southern front; 14 people are killed and 100 are wounded.

Islamic Conference

- Dec. 18—The 15th annual meeting of the conference opens; Egypt attends after a 5-year absence.

North Atlantic Treaty Organization (NATO)

(See *U.S., Foreign Policy*)

Organization of Petroleum Exporting Countries (OPEC)

- Dec. 28—OPEC members agree to set up a 5-member committee to oversee and audit the organization's oil pricing and production.

United Nations (UN)

- Dec. 14—The Security Council approves a 6-month extension of the UN peacekeeping force on Cyprus.
Dec. 16—The General Assembly votes 122 to 5 with 6 abstentions to approve a \$73.5-million UN conference center in Addis Ababa, Ethiopia.
Voting 147 to 1, the General Assembly approves the continued publication of a directory listing 500 potentially dangerous products; the U.S. votes against the bill because the directory is "wasteful."
Dec. 20—Amadou-Mahtar M'Bow, the director general of the United Nations Educational, Scientific and Cultural Organization (UNESCO), says that the U.S. withdrawal from UNESCO will not hurt the agency financially.
Dec. 29—UNESCO Director General M'Bow criticizes the outgoing U.S. representative to UNESCO, saying she is ignorant and only a "politician."

AFGHANISTAN

- Dec. 3—The state radio in Kabul reports that General Abdel Qader, the defense minister, has been reassigned; Lieutenant General Nazar Mohammed will take his place.

ALBANIA

- Dec. 12—In London, Amnesty International reports that the Albanian government holds thousands of political prisoners; many are charged with practicing religion.

ARGENTINA

- Dec. 2—An agreement between the government, 11 international banks and the U.S. is reached; Argentina will receive more than \$18 billion in credits to restructure its foreign debt.
Dec. 28—The International Monetary Fund (IMF) approves a \$20-billion aid and austerity program for Argentina.

AUSTRALIA

- Dec. 1—Prime Minister Bob Hawke's Labor government wins the parliamentary elections with fewer seats than was expected.

THE BAHAMAS

- Dec. 17—A report issued by a royal commission fails to find any evidence that Prime Minister Lynden O. Pindling took bribes from drug smugglers.

BANGLADESH

- Dec. 22—3 people are killed when police fire on demonstrators in Dacca; the protests are part of a 48-hour nationwide strike.

BELIZE

- Dec. 15—Prime Minister George Price's government has been defeated, according to the December 13 election results announced today; Manuel Esquivel of the United Democratic party will become the new Prime Minister.

CANADA

- Dec. 7—The government announces that it will abolish many of the regulations covering foreign investment; the Foreign Policy Investment Review Agency will be dismantled, but foreign acquisitions in the oil and gas industries will still be reviewed.

CHILE

(See also *U.K., Great Britain*)

- Dec. 5—A policeman is indicted on charges of manslaughter for the killing of a French priest in September during anti-government demonstrations.
Dec. 7—Police hold more than 5,000 men in a slum area outside Santiago for questioning; last night terrorists killed a policeman in Santiago.
Dec. 17—The government extends the state of siege for another 90 days; the government may censor all publications, ban all meetings and send citizens into exile.
Dec. 24—2 foreign priests and 3 Chileans are arrested in Santiago for distributing greeting cards that call for a new year "without torture."

CHINA(See also *Vietnam*)

- Dec. 7—*People's Daily*, the Communist party newspaper, prints a front-page editorial criticizing rigid adherence to Marxist doctrine.
- Dec. 10—*People's Daily* issues a correction to the December 7 editorial: the article should have said that Marx and Lenin cannot "solve all of today's problems."
- Dec. 19—Prime Minister Zhao Ziyang and British Prime Minister Margaret Thatcher formally sign an agreement that returns Hong Kong to China in 1997; China promises that Hong Kong can keep its capitalist system for 50 years beyond 1997.
- Dec. 28—In Beijing, Chinese and Soviet negotiators sign an agreement under which the Soviet Union will aid in the modernization of Chinese factories and facilities built during the 1950's with Soviet aid; they also sign 2 accords on scientific and technological cooperation.
- Dec. 29—The government announces that 40 top military officers will retire; de facto leader Deng Xiaoping has supported the retirement as part of his modernization program.
- Dec. 31—At a meeting of the Chinese Writers' Association in Beijing, the chairman of the group and a member of the party Secretariat who oversees cultural affairs call for more artistic freedom for writers.

CUBA(See also *U.S., Foreign Policy*)

- Dec. 14—President Fidel Castro announces that many of the Cubans who went to the U.S. in 1980 and who are returning under the terms of a recent agreement with the U.S. will be allowed to reenter Cuban society.

CZECHOSLOVAKIA

- Dec. 7—It is reported that Jaroslav Seifert's secretary has been denied government permission to travel to Stockholm to pick up Seifert's 1984 Nobel Literature prize.

EGYPT(See *Intl, Islamic Conference; Jordan*)**EL SALVADOR**

- Dec. 6—President José. Napoleón Duarte meets with U.S. Secretary of State George Shultz in Miami; Duarte says he will not meet with guerrilla leaders again until they agree to participate in the electoral process.
- Dec. 12—The government announces that it will join the holiday season truce announced by the guerrillas yesterday.

ETHIOPIA

- Dec. 5—Relief officials at Korem, the largest refugee camp in Ethiopia, report critical shortages of food.
- Dec. 7—Guerrillas from the Tigre People's Liberation Front, a group trying to overthrow the government, claim that government planes bombed famine victims trying to enter Sudan from guerrilla-controlled areas.
- Dec. 11—The head of Ethiopia's Relief and Rehabilitation Commission, Dawit Wolde Giorgis, and Minister of Labor and Social Affairs Berhanu Bayeh say that the West is responsible for the enormity of Ethiopia's famine because it failed to act earlier; Western relief officials deny the charges.
- Dec. 16—A Canadian fact-finding group reports that it can find no evidence substantiating claims that relief supplies are being sold or misused.
- Dec. 17—Lieutenant Colonel Mengistu Haile Mariam, the Ethiopian head of state, meets with Soviet President Konstantin Chernenko in Moscow.

FRANCE

- Dec. 7—President François Mitterrand names Minister of European Affairs Roland Dumas foreign minister. Dumas replaces Claude Cheysson, who is to become a member of the European Commission.
- Dec. 16—Mitterrand defends his policy on Chad; he says Libya has lost ground in black Africa because of France's intervention in Chad.

New Caledonia

- Dec. 4—Edgard Pisani, a special envoy appointed by Mitterrand, arrives in New Caledonia to study the conflict between the loyalists and the Kanakas, who are demanding independence.

GERMANY, EAST

- Dec. 1—Police in West Berlin report that a person trying to cross the Berlin Wall from East Berlin was shot by East Berlin police early today.

GERMANY, WEST

- Dec. 14—40 East Germans in the West German embassy in Prague begin a hunger strike; the East Germans have been living in the embassy for several months, demanding permission to emigrate to the West.
- Dec. 21—Foreign Ministry officials report that the government has told UNESCO that it may withdraw from the organization if the organization does not become less ideological and more efficient.

GREECE(See also *Intl, EEC*)

- Dec. 10—Prime Minister Andreas Papandreu tells a meeting of peace groups in Athens that Greece has changed its foreign policy in the last 3 years and no longer follows NATO policy routinely because that would mean "continual subservience."

GRENADA

- Dec. 3—Results from yesterday's election show that Herbert Blaize's New National party has won 10 of the 15 seats in Parliament; Blaize was favored by the U.S. in the elections, the 1st since 1976.

INDIA(See also *Sri Lanka*)

- Dec. 3—In Bhopal, 360 miles south of New Delhi, the American-owned Union Carbide insecticide plant leaks 45 tons of methyl isocyanate into the atmosphere; at least 410 people are killed and 12,000 injured by the gas.
- Dec. 7—Warren Anderson, the chairman of Union Carbide, is arrested and charged with criminal conspiracy on his arrival in Bhopal; he is released 6 hours later. The government estimates that at least 2,100 people were killed by the gas leak from the Union Carbide plant.
- Dec. 24—Voting begins in the 3-stage parliamentary elections.
- Dec. 29—With almost complete returns counted in nationwide parliamentary elections, Prime Minister Rajiv Gandhi and his Congress party win an overwhelming victory.
- Gandhi tells a crowd of cheering supporters in New Delhi that his party's strength in the elections shows that Indians want change.
- Dec. 31—Gandhi is sworn in as India's 6th Prime Minister; his 39-member Cabinet is also formally announced.

IRAN

(See also *Intl, Iran-Iraq War; U.S., Foreign Policy*)

- Dec. 4—The government announces that it will replace 2 of its judges on the tribunal settling claims between the U.S. and Iran; on September 3, 2 Iranian judges assaulted a Swedish judge who sits on the tribunal.
- A Kuwaiti airliner with 155 people aboard is hijacked and forced to land in Teheran. On landing, the hijackers kill 1 person and throw his body off the plane, and release about 40 people.
- Dec. 5—The 5 Lebanese Shiite hijackers say the man killed yesterday was an American. The hijackers are demanding the release of a group of terrorists in Kuwait; otherwise, they threaten to blow up the plane.
- Dec. 6—Another American is killed by the hijackers; a 3d hostage is also reported killed.
- Dec. 10—Iranian security guards storm the hijacked plane, releasing the remaining hostages. 2 of the released hostages are Americans, who say they were beaten and tortured by the hijackers.
- Dec. 11—The 2 Americans say they saw no evidence of Iranian aid to the hijackers; 2 Pakistanis who were on the plane claim the hijackers received weapons after the plane landed in Teheran.
- Dec. 18—The government announces that it will try the 4 hijackers; on December 12, Prime Minister Mir Hussein Moussavi refused to extradite them to Kuwait.
- Dec. 25—4 people are killed and 50 are wounded when a car bomb explodes in Teheran. The official press agency says that "terrorist agents" of the U.S. are responsible for the attack.

IRAQ

(See *Intl, Iran-Iraq War*)

ISRAEL

(See also *U.S., Foreign Policy*)

- Dec. 5—Prime Minister Shimon Peres arrives in Paris for a 4-day visit.
- Dec. 18—Minister Without Portfolio Yitzhak Peretz takes his 4-man Shas party into opposition.
- Dec. 19—The government asks the U.S. for \$4.05 billion in economic and military aid for 1986, and \$800 million in emergency aid for 1985.
- Dec. 20—Peretz rejoins the government after he is given the post of minister of the interior.

ITALY

- Dec. 23—2 bombs explode on a train bound for Milan from Naples; at least 15 people are dead and 180 are wounded. Both right- and left-wing terrorist groups claim responsibility.

JAPAN

- Dec. 26—Meeting with reporters, Prime Minister Yasuhiro Nakasone says he will not accept American demands that Japan import a specified amount of American goods to offset Japan's balance-of-trade surplus with the U.S.
- Dec. 29—Prime Minister Yasuhiro Nakasone announces that he will seek a 6.9 percent increase in military spending in 1985.

JORDAN

- Dec. 2—In a speech to the Egyptian Parliament, King Hussein condemns the 1978 Camp David peace accords between Israel and Egypt.

Dec. 3—In a simultaneous communiqué from Amman and Cairo, Jordan and Egypt agree that a "suitable basis" for a Middle East peace settlement can be found in UN Resolution 242 (which calls for peace in exchange for Israel's return of occupied Arab lands), plus recognition of the Palestinian people's "right to self determination."

Dec. 29—Fahad Kawasmeh, a member of the PLO (Palestine Liberation Organization) executive committee, is assassinated in Amman.

Dec. 30—PLO Chairman Yasir Arafat says Syria is responsible for the killing of Kawasmeh.

KAMPUCHEA

- Dec. 13—A report released by the New York-based Lawyers Committee for International Human Rights accuses the Kampuchean government of torture; it also says that the "rule of law is not respected in any serious sense."
- Dec. 25—Thai military officials report that at least 63,000 Kampuchean refugees have crossed the border into Thailand because of a major Vietnamese offensive against anti-government guerrillas in Rithisen, the largest Kampuchean refugee camp controlled by the guerrillas. At least 3 other camps on the border are attacked.
- Dec. 26—Rithisen is overrun by Vietnamese forces.
- Dec. 28—For the 4th day in a row, Vietnamese forces shell Kampuchean rebel forces around the camp of Ampil.
- Dec. 30—Guerrillas trying to retake Rithisen say that they have killed or wounded 100 Vietnamese in the fighting; 30 guerrillas are reported killed.

KOREA, NORTH

(See *Korea, South*)

KOREA, SOUTH

- Dec. 14—The government announces that talks with North Korea will resume in Panmunjom next week.

KUWAIT

(See *Iran*)

LEBANON

- Dec. 10—U.S. Assistant Secretary of State Richard Murphy arrives in Beirut for talks with the Prime Minister and the President on the withdrawal of Israeli troops from southern Lebanon.

LIBYA

- Dec. 19—On Majorca, Libyan leader Muammar Qaddafi meets with Spanish Prime Minister Felipe González.

MAURITANIA

- Dec. 12—Colonel Maouya Ould Sidi Ahmed Taya, the army chief of staff, announces that he has taken over the government to stop the growth of "personal power" by President Mohammed Khouna Ould Haidalla, who is in Burundi.
- Dec. 13—Haidalla is arrested when he returns; the military radio reports that Taya has named 8 new Cabinet members and that 5 old members have resigned.

MEXICO

- Dec. 30—About 1,000 supporters of the defeated mayoral candidate riot during the inauguration of the mayor of Piedras Negras; 45 people are hurt and the army is called in to restore order.

MOZAMBIQUE

Dec. 12—The army reports that it has killed 1,131 Mozambique National Resistance guerrillas in the last 6 months.

NICARAGUA

Dec. 7—The Foreign Ministry says talks with the U.S. have been stalemated and that the government will reevaluate those talks if there is no progress in the next few weeks.

Dec. 10—Minister of Education Fernando Cardenal, a Jesuit priest, says he will not comply with the Society of Jesus's order that he leave his post.

Dec. 14—Deputy Interior Minister Luis Carrion reports that talks last week with Brooklyn Rivera, the leader of 1 of the Miskito Indian organizations fighting the government, were "almost friendly."

Dec. 21—Pedro Joaquín Chamorro, the editor of the opposition paper *La Prensa*, says he is going into exile in Costa Rica until press censorship is ended.

Dec. 27—Defense Minister Humberto Ortega says that in 1984, 5,600 guerrillas, soldiers and civilians have been killed in fighting between the government and right-wing guerrillas (contras).

PAKISTAN

Dec. 5—Pakistan's President, General Mohammad Zia ul-Haq, issues a decree that makes it illegal to urge the boycott of this month's referendum on continuing to apply Islamic law; Zia says that a majority vote for the referendum will mean an automatic 5-year extension of his presidency.

Dec. 20—Election officials report that 98 percent of the voters in yesterday's election supported the referendum.

PHILIPPINES

Dec. 3—Labor Minister Blas Ople confirms that President Ferdinand E. Marcos has been ill since November.

POLAND

Dec. 1—Jozef Cardinal Glemp bans the Reverend Stanislaw Malkowski from giving sermons in Warsaw churches because the sermons are anti-Communist.

Dec. 11—The government announces that it has indicted 4 security officials for the October murder of Jerzy Popieluszko, a pro-Solidarity priest.

Dec. 16—A protest march of 3,000 people commemorating the 1970 food riots in Gdansk is broken up by police.

Dec. 27—The trial of the 4 security guards accused of murdering Popieluszko begins in Torun; 1 guard says he was assured that the kidnapping had been approved by higher authorities.

SINGAPORE

Dec. 22—Prime Minister Lee Kuan Yew wins all but 2 of the 79 seats in Parliament in yesterday's elections; in the last 4 general elections the opposition has not won a seat.

Dec. 27—Ambassador to France David Marshall says that Singapore will leave UNESCO at the end of 1985.

Dec. 31—Prime Minister Lee announces his new Cabinet.

SOUTH AFRICA

(See also *U.S., Foreign Policy*)

Dec. 6—The Southern Africa Catholic Bishops' Conference issues a report that charges the police with indiscriminate killing and beating.

Dec. 10—12 anti-apartheid activists are released by police; 6 are immediately rearrested and charged with treason.

Bishop Desmond Tutu receives the 1984 Nobel Peace Prize in Oslo, Norway.

Dec. 12—3 men who helped organize a boycott of the recent elections setting up a tripartite segregated Parliament for whites, Indians and mixed-race people leave the British consulate in Durban; 2 of them are immediately arrested and charged with high treason.

SPAIN

Dec. 16—Prime Minister Felipe González is overwhelmingly reelected secretary general at the Socialist party's annual convention.

SRI LANKA

Dec. 1—The government reports that yesterday guerrillas killed at least 148 people; it also reports that an invasion force of 19 boats carrying Tamil separatist guerrillas was forced back. The government charges India with aiding the guerrillas; India denies the charge.

Dec. 7—Government sources in Colombo tell reporters that government troops killed at least 102 Tamil civilians on December 4 to retaliate for the guerrilla killing of 1 soldier.

SURINAME

Dec. 7—The Cabinet approves a proposal to create a National Assembly; the military government must approve the proposal.

Dec. 25—Prime Minister Wim Udenhout and his Cabinet resign, effective December 31.

THAILAND

(See *Kampuchea; Vietnam*)

TURKEY

Dec. 26—In the 1st visit to Turkey by a Soviet Premier in almost 10 years, Soviet Premier Nikolai Tikhonov signs a \$6-billion, 5-year trade treaty and 2 other economic agreements, which include a new power link between eastern Turkey and the U.S.S.R., and a natural gas pipeline.

U.S.S.R.

(See also *China; Ethiopia; Turkey; U.S., Foreign Policy*)

Dec. 4—Soviet President Konstantin Chernenko meets with American industrialist Armand Hammer; he tells Hammer that the Soviet Union is ready to negotiate on arms control with the U.S.

Dec. 15—The government announces that it has launched a spacecraft that will meet with Halley's comet in March, 1986. A U.S. comet-dust detector is aboard the craft.

Dec. 16—Mikhail S. Gorbachev, the 2d ranking member of the ruling Communist party Politburo, meets with British Prime Minister Margaret Thatcher in London.

Dec. 18—Gorbachev tells members of the British Parliament that the Soviet Union is ready to negotiate radical cuts in nuclear arms but that the U.S. must first abandon its space defense ("Star Wars") programs.

Dec. 20—Tass, the official press agency, reports that a reusable spacecraft was launched yesterday; the ship orbited the earth once before gliding back to land in the Black Sea.

Dec. 21—Tass reports that Defense Minister Dmitri Ustinov died yesterday after a long illness.

Dec. 22—Marshal Sergei Sokolov, a first deputy minister of defense, is named to replace Ustinov.

UNITED KINGDOM**Great Britain**

(See also *China; U.S.S.R.*)

Dec. 9—*The Sunday Observer* (London) reports that Britain has given an Antarctic base to Chile as part of an unpublicized agreement with Chile.

Dec. 22—In Washington, D.C., Prime Minister Margaret Thatcher tells reporters that there is "no difference" of opinion between the U.S. and Britain on U.S. research for space defense.

UNITED STATES

Administration

Dec. 1—The 14-member National Commission on Secondary Vocational Education issues a report that calls for increased vocational training courses in secondary schools.

Dec. 3—The Transportation Department rules that state and local officials in New York, Vermont and Michigan cannot restrict the shipment of spent nuclear fuel because the Hazardous Materials Transportation Act of 1974 preempts state and local requirements inconsistent with federal law.

Dec. 5—The Environmental Protection Agency rejects a petition from New York, Pennsylvania and Maine to curb air pollution coming from Middle Western states.

William Clark Durant 3d is elected chairman of the Legal Services Corporation.

In a Cabinet meeting, President Ronald Reagan suggests cuts of \$34 billion in the fiscal 1986 budget and a 5 percent, one-year pay-cut for civilian federal employees to bring the deficit down to \$170 billion. He does not suggest cuts in the projected military budget of \$286.2 billion. The federal budget for fiscal 1986 is estimated at \$1.030 trillion, including interest on the national debt, with a projected deficit of \$214 billion.

Dec. 11—An 18-member committee from the National Research Council reports that there is a "clear possibility" that a nuclear war of major proportions could cause a "nuclear winter" because the smoke and dust of the explosions would blot out the sun in the Northern Hemisphere.

Dec. 12—The Postal Service announces an increase in the cost of a first-class domestic letter stamp to 22 cents, effective February 17, 1985; the cost of mailing other classes of mail will also rise; the rates for newspapers and magazines will go up 14.2 percent.

In his projected budget of \$286.2 billion, Defense Secretary Caspar Weinberger proposes a variety of limited savings of about \$8 billion, with a 3-year slowdown in military spending.

Dec. 18—The White House reports that President Reagan has agreed on a military budget for fiscal 1986 that would cut military spending by \$8.7 billion but would not interfere with the nation's military buildup.

Dec. 19—The Federal Communications Commission approves a \$1 monthly phone-access fee for residential and single-line business phones effective June 1, 1985; some 1,400 local phone companies will benefit from this charge, which will increase to \$2 a month on June 1, 1986.

Dec. 24—A 5-member arbitration panel awards postal workers a 2.7 percent pay increase while sharply lowering the starting pay for new employees; the award is retroactive to July 21, 1984; the old contract between the Postal Service and the National Association of Letter Carriers and the American Postal Workers Union expired on July 20.

Dec. 28—A law goes into effect that requires all clothing and household fabrics manufactured in the U.S. to be so labeled.

The Census Bureau reports an increase of 9.6 million in the U.S. population between 1980 and 1984.

Dec. 31—Chairman C. Dan McKinnon of the Civil Aeronautics Board (CAB) officially closes the organization; the termination was mandated under the 1978 airline deregulation. The Department of Transportation will take over any matters that were pending before the CAB.

The Interior Department announces that it is cancelling today's scheduled sale of oil leases off the coast of New England; the department says the sale is being cancelled

because of lack of interest and because the World Court recently ruled that much of the area is under Canada's jurisdiction.

Economy

Dec. 7—The Labor Department reports that the nation's unemployment rate fell to 7 percent in November.

Dec. 14—The Labor Department reports a 0.5 percent increase in its producer price index in November.

Dec. 17—Manufacturers Hanover Trust Company reduces its prime lending rate to 10.75 percent; other major banks are expected to follow.

Dec. 19—The Commerce Department issues its flash estimate of the gross national product (GNP) growth rate for the 4th quarter of 1984; the rate is estimated at 2.8 percent annually.

Dec. 20—The Labor Department reports that its consumer price index rose 0.2 percent in November.

Dec. 21—The Federal Reserve Board lowers its discount rate to 8 percent, the lowest rate in 6 years.

Dec. 28—The Commerce Department reports that its index of leading economic indicators rose 1.3 percent in November.

The Commerce Department reports that the U.S. foreign trade deficit was \$9.9 billion in November.

Foreign Policy

(See also *Intl, UN; Argentina; Cuba; El Salvador; India; Iran; Israel; Japan; Lebanon; Nicaragua; U.S.S.R.; U.K., Great Britain; Venezuela*)

Dec. 1—The Defense Department reports that it sent the U.S.S. *Nimitz*, a nuclear-powered carrier, to rescue the U.S. Navy-chartered *Seaward Explorer*, which was drifting disabled in Cuban waters; the Defense Department thought that Cuba might rescue the vessel for political purposes.

Dec. 3—Assistant Secretary of State for African Affairs Chester Crocker defends U.S. policy toward South Africa; since November 21, there have been continuing protest demonstrations against South African apartheid policies outside South Africa's embassy in Washington, D.C.

State Department spokesman John Hughes reports that Salvadoran rightist leader Roberto d'Aubuisson has been granted a single-entry, 7-day visa to visit the U.S.

Dec. 4—Navy officials assert that the *Seaward Explorer* was gathering hydrographic information along the coast of Haiti and was not a covert intelligence vessel.

Dec. 5—President Reagan orders the emergency release of 300,000 tons of wheat from the food-security reserve for relief in Ethiopia and sub-Saharan Africa; the total package is estimated to be worth \$125 million; the action is taken under the Food for Peace Program.

President Reagan announces that arms negotiator Paul H. Nitze will be the adviser to Secretary of State George Shultz in the arms negotiations with Soviet Foreign Minister Andrei Gromyko due to start in Geneva in January.

Dec. 6—The State Department reports that the hijackers holding a Kuwaiti airliner at the Teheran airport are closely connected to the militant Shiite Party of God group, believed to have been involved in the bombing attacks on the U.S. Marine barracks and the U.S. embassy in Lebanon.

Dec. 7—Meeting with South African Bishop Desmond Tutu in Washington, D.C., President Reagan says his administration opposes apartheid in South Africa but believes that the U.S. policy of "constructive engagement" is more effective than tougher actions.

Dec. 8—In U.S. district court in Washington, D.C., landowners in the Kwajalein and Marshall Islands atolls sue to void an agreement permitting the Defense Department to test anti-missile defenses and conduct other experiments at its atoll bases.

Dec. 9—Special U.S. envoy General Vernon Walters arrives in Sri Lanka for consultations about the violence there.

Speaking at Yeshiva University, Secretary Shultz says that it is the "burden of statesmanship" for the U.S. to resort to military force when necessary even if the public is not prepared to support such action.

Dec. 11—The Defense Department reports that U.S. and Israeli aircraft and ships are holding a joint anti-submarine warfare exercise in the eastern Mediterranean.

After the White House receives word that the 2 American survivors from the hijacked Kuwaiti airline, have left Iran, White House press spokesman Larry Speakes charges Iran with encouraging the hijackers and calls for "answers from the government of Iran."

Dec. 13—At the opening of the annual December meeting of NATO (North Atlantic Treaty Organization) ministers in Brussels, Secretary Shultz tells the organization that the U.S. is ready for arms control negotiations with the Soviet Union in a "positive, extremely serious and open-minded way."

Dec. 14—White House spokesman Larry Speakes announces an agreement with Cuba for the repatriation of some 2,746 Cuban criminals and mental patients; they were among the Cubans who arrived in the U.S. in the 1980 boatlift from the Cuban port of Mariel.

Dec. 17—In Washington, D.C., State Department spokesman Alan Romberg announces that the U.S. will not block Poland's entry into the International Monetary Fund.

Dec. 18—The Defense Department confirms that in the last few days, 2 U.S. carriers operating near Vladivostok caused major Soviet alert responses in the operations area of the Sea of Japan.

Dec. 19—The assistant secretary of state for international organization affairs says that the U.S. will withdraw from the United Nations Educational, Scientific and Cultural Organization (UNESCO) at the end of December.

Defense Secretary Caspar Weinberger terms a *Washington Post* story about the Defense Department's classified space shuttle flight on January 23 "the height of journalistic irresponsibility." The *Post* insists that nothing in the article violated national security.

The Export-Import Bank announces a \$300-million loan guarantee program for Central American nations regarded as friendly to the U.S.

Deputy U.S. Trade Representative Robert Lighthizer reports that the U.S. has concluded pacts with 7 steel-exporting countries providing for a 30 percent reduction in their steel exports to the U.S. in the next year.

Dec. 21—The State Department announces that the U.S. will not provide \$800 million in emergency aid to Israel "pending the adoption of an effective Israeli stabilization program and a determination of the utility of such additional U.S. assistance in supporting such a program."

Dec. 22—President Reagan orders the U.S. Air Force to use its transport planes to fly famine relief supplies to Ethiopian refugees in the Sudan.

Dec. 25—The Voice of America announces the completion of agreements with Morocco, Sri Lanka, Thailand, Costa Rica and Belize to permit the U.S. to build new or modernize old broadcasting facilities in those countries.

Legislation

Dec. 3—Representative Thomas P. O'Neill, Jr. (D., Mass.) is elected to serve as Speaker of the House for a 5th term; he will retire in 1986.

House Republicans reelect Robert H. Michel (R., Ill.) as minority leader.

Dec. 12—Senator Robert C. Byrd (D., W.Va.) is reelected Senate minority leader.

Military

Dec. 3—The Church of Scientology releases the contents of a document obtained under the Freedom of Information Act that indicates that Army Special Operations agents secretly sprayed airline passengers at Washington, D.C.'s National Airport with a harmless bacteria in 1964–1965; the tests were conducted to see how a smallpox epidemic might be started by enemy agents.

Dec. 20—Defense Department spokesman Michael Burch says that the department will tighten controls over the flow of military information to news media.

Dec. 21—The Navy Department grounds one-fifth of its A-6E attack jets to replace wings that have lasted only half as long as anticipated.

Politics

Dec. 4—The House Ethics Committee rules that the Democratic vice presidential candidate, Representative Geraldine Ferraro (D., N.Y.), violated the Ethics in Government Act of 1978 by neglecting to report details of her husband's finances, but recommends that no further action should be taken.

Dec. 19—The Federal Election Commission announces that Ferraro and her husband John Zaccaro have been cleared of allegations of violations of the Ethics in Government Act in her election campaign in 1978.

Science and Space

Dec. 17—The Defense Department announces that the shuttle *Discovery* flight scheduled for January 23 will carry secret military cargo; all details of its launching, cargo and mission will be protected by the strictest secrecy and security measures.

Dec. 27—The Active Magnetospheric Particle Tracer Explorer project creates an artificial comet in space by releasing barium from a West German satellite over the Pacific Ocean; the comet and its tail of up to 100,000 miles in length are visible briefly.

Terrorism

Dec. 25—In Pensacola, Florida, 3 abortion clinics are destroyed by bombs. On December 4, a Federal Bureau of Investigation (FBI) spokesman said that there have been 20 bombings or arson incidents at abortion clinics across the nation in 1984; these latest incidents bring the number to 23. FBI director William Webster has declared that because there is no evidence of a conspiracy, the attacks cannot be classified as terrorism.

Dec. 30—1 man is arrested by federal agents and charged with the 3 abortion clinic bombings on December 25.

VENEZUELA

Dec. 4—Meeting with U.S. President Ronald Reagan in Washington, D.C., President Jaime Lusinchi tells the President that force will not solve Central America's problems.

VIETNAM

(See also *Kampuchea*)

Dec. 8—Hanoi radio accuses China of firing more than 52,000 rounds of artillery fire into Vietnam last month.

Dec. 14—21 men go on trial in Ho Chi Minh City for trying to overthrow the government; China and Thailand are accused of supporting the men.

YEMEN ARAB REPUBLIC

Dec. 20—President Ali Abdullah Saleh announces the discovery of a large quantity of oil.



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